

---

*Effective: May 25, 2022*  
*Previous Release: March 28, 2018*

---

**POLICY:**

An organization's expenditures represent a tangible display of its programs, operations, and activities for funders and for the public. This policy ensures that all disbursements are authorized within the agency's approved operating and capital budgets. Additionally, the policy ensures that the procurement policies and practices are in compliance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance for Procurement 2016).

**PROCEDURES:****GENERAL PROCESSES**

1. An agency budget is reviewed and approved by the Board of Directors prior to the beginning of each fiscal year. The approved operations budget along with a capital budget, become the expenditure authorities for the agency's operations.
2. All purchases must be necessary and can be initiated by any employee. Authorizations by a director, supervisor, manager, or assistant manager, are subject to the requirements as specified below.
3. In an effort to conserve fiscal resources, the agency utilizes a centralized purchasing system as a way of reducing costs, maximizing discounts, streamlining effort and maintaining compliance with applicable laws and regulations.
4. It is prudent that purchasers take advantage of the agency's tax exempt status where applicable.
5. Procurement is subject to full and open competition among vendors (equitable distribution). The agency supports practical utilization of certified Minority, Women and Disadvantaged Business Enterprises.
6. The procurement cannot present a conflict of interest. To preserve objectivity in the procurement or bidding process, involvement is limited or forbidden for those employees or board members who have a conflict of interest.
7. Before engaging a vendor, a System for Award Management (SAM) search is completed by vendor name, tax ID number, or another characteristic to make sure that the person or entity has not been suspended or debarred from performing federally funded work. Purchasing from vendors appearing on that list is not permitted.

---

*All Policies and Procedures are updated, refined, or improved as ways are found to make them more effective. Comments and questions from any staff member are invited to accomplish this goal and are to be directed to the Chief Executive Officer.*

**QUOTES, BIDS, AND PRICE COMPARISONS**

1. **Micropurchases – purchases of \$3,500 or less.**

While there is no specific bidding or quotes requirement nor cost or price analysis necessary for purchases when the aggregate dollar amount does not exceed \$3,500, comparison pricing is encouraged whenever possible to obtain the best value and equitable distribution among qualified vendors. The use of inter-entity agreements or service contracts is encouraged where applicable.
2. **Small purchases – purchases from \$3,500 to \$150,000**

For items with a value of \$3,500 or more, bids and/or rate quotes from an adequate number of sources is required. It is the responsibility of the requesting individual to obtain these comparatives from a variety of suppliers for a like or substitute item for the requested expenditure. No cost or price analysis is required. The Use of inter-entity agreements or service contracts is encouraged where applicable.

If an item with an approximate value of \$3,500 or more can be constructed within the agency, the approximate cost of construction, including labor, is compared with the purchase price from an outside vendor.
3. **Sealed Bids – purchases greater than \$150,000**

Formal public solicitation is required for major purchases or construction projects where price is a major factor. Two or more bidders are able to compete given the complete, adequate and realistic specifications or description of the project or purchase. The fixed price is awarded to the responsible bidder who conformed to all material terms and is the lowest in price.
4. **Competitive Proposals – greater than \$150,000**

A formal solicitation process (RFP with an adequate number of bidders) is used for fixed-price or cost-reimbursement contracts when sealed bids are not appropriate. The contract is awarded after written method of evaluation is utilized to award the contract to the responsible firm whose proposal is most advantageous to the agency or program with price being of the various factors.
5. **Sole Source – Noncompetitive proposals**

Appropriate when specific criteria are met. i.e. when the item is available from only one source, when a public emergency does not allow for the time of the competitive proposal process or after a number of attempts at a competitive process, the competition is deemed inadequate.

**APPROVALS**

1. **CAPITAL EXPENDITURES.**
  - All building and land purchases, , and building or land improvements that increase the value or extend the life of the property must be submitted to the Board of Directors for approval.

---

*All Policies and Procedures are updated, refined, or improved as ways are found to make them more effective. Comments and questions from any staff member are invited to accomplish this goal and are to be directed to the Chief Executive Officer.*

- All vehicle purchases, furnishings, furniture, and equipment purchases and other capital purchases included in the capital budget must be submitted to the CEO for approval.

2. OTHER OPERATING EXPENDITURES.

- All unbudgeted expenditures over \$10,000 must be submitted to the Board of Directors for approval. The CEO may approve an emergency expenditure, regardless of the amount. These emergency expenditures are reported to the Finance Committee and to the Board of Directors at the next meetings.
- The Director of Finance and Treatment Services (DTFS) or his/her designee approves any expenditure for utilities, personnel-related expenditures and other transactions authorized through contracts.

**PURCHASING AUTHORIZATION LEVELS  
OPERATING EXPENDITURES**

	BUDGETED EXPENDITURES				
	Petty Cash Transactions	Up to \$500	Up to \$1,000	From \$1,000 to \$10,000	Over \$10,000
CEO	X	X	X	X	X
DTFS	X	X	X	X	
Director	X	X	X		
Supervisor, Manager, Assistant Manager	X	X			

These authorization levels are for budgeted items only. Requests for unbudgeted purchases are subject to the same dollar limits for each position but require approval from DTFS, the CEO.

**RESPONSIBILITY**

It is the responsibility of the Finance Office to carry out the intent of this policy. Actions taken under this policy are subject to review and modification by the CEO or an individual designated by the CEO based on facts and circumstances of a particular case. This modification shall relate only to the particular case involved, and it is not intended that it be a modification of the policy in general.

Any individual committing HYS funds without proper authorization does so at his or her own financial risk.

*All Policies and Procedures are updated, refined, or improved as ways are found to make them more effective. Comments and questions from any staff member are invited to accomplish this goal and are to be directed to the Chief Executive Officer.*