Policy 4361: Procurement Policy

Purpose

This policy defines purchasing practices and procedures for procurement.

Scope

This policy applies to all staff and members of the Marine Technology Society (MTS) including Sections and Committees. This policy does not pertain to OCEANS XXXX procurement or contractual policy, nor does it refer to other MTS annual workshop or conference procurement or contractual policies.

Ethical Standards

The MTS has adopted some of the National Association of Purchasing Management's standards of purchasing practice as a guide to ethical *purchasing* practices. These are as follows:

1. Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
2. Demonstrate loyalty to MTS by diligently following the policies of MTS, using reasonable care and only authority granted.
3. Promote positive relationships through impartiality in all phases of the procurement cycles.

Signatory Authority

All contractual agreements up to $25,000 USD (either one-time contract or the annual total of an ongoing contract) must be signed or co-signed by the Executive Director of MTS. All contracts over $25,000 must be co-signed by the President.

In the event contractual agreements are executed in a language other than English, the initiating party (Section or Committee Chair) shall provide a translation of the contract to the Executive Director for review prior to signature.

Unauthorized Commitments

MTS is committed to preventing unauthorized individuals from entering into contracts on behalf of MTS. MTS does not recognize the concept of apparent authority in the execution of its procurement activities. The only individuals who can bind MTS are authorized personnel acting within the limits of their authority.

Unauthorized commitments unnecessarily expose MTS to legal, regulatory, financial and compliance risks under its contracts. Procurements made by persons who lack or have inadequate purchasing authority are considered unauthorized commitments. Below are some representative examples of when an unauthorized commitment has occurred:

- A purchase is made on behalf of MTS by a person that does not have required authority. This can include cash, credit card, or verbal transactions.
- A contract or purchase order is placed without signature by the President or Executive Director.
- An unauthorized employee authorizes a contractor to start work, or the contractor starts work on their own accord, before written authorization is issued.
- Email or other correspondence indicating that a commitment has been made.

To avoid the likelihood of unauthorized commitments, MTS' senior management enforces the following:

- Ensures that personnel understand they do not have the authority to enter into any agreement on behalf of MTS unless they have been delegated purchasing authority pursuant to this policy; and
- Limits the number of employees and positions that are authorized to make commitments on behalf of MTS.

Contractors who act on unauthorized commitments do so at their own risk and will be entitled to payment only if the unauthorized commitment is ratified by an individual with authority to commit MTS funds. Use of ratifications will be minimized to the greatest extent possible due to the inherent risk involved.

MTS employees who make commitments on behalf of MTS that would compromise the credibility and integrity of the procurement function will be reported for disciplinary action.

Procurement Procedures

Competitive Procurements

1. Competitive practices must be followed for procurements greater than $3,000. Good business practice dictates that goods and services be procured through competition whenever this purpose can be achieved. Effective competition exists when it is expected that two or more responsive and responsible suppliers will submit independently prepared offers in response to a solicitation

   For competition to be legitimate it must be fair and equitable. Fair and equitable treatment includes:
   - Providing each solicited supplier with equal access to information
   - Evaluating each proposal based on the same criteria
   - Showing no bias or prejudice to any qualified supplier

2. Competitive Practices for services or goods greater than $3,000 but less than $10,000: At least two written quotations are required from different sources.

3. Competitive Practices are required for services or goods greater than $10,000, and open-ended contracts: At least three written quotations are required from different sources. Bids are not required to be sealed.

Non-competitive Procurements

Non-competitive practices may be followed for goods and services less than $3,000.

Services may be made without securing competition if the price is considered fair and reasonable. Pricing may be considered fair and reasonable where the proposed price is reasonable in comparison with:

- competitively awarded prices of a same or substantially similar nature;
- historical prices paid by MTS for the same or similar items;
- competitive published price lists, published market prices of commodities, similar indexes, and discount or rebate arrangements;
- independent government or contractor cost estimates; or
- prices obtained through market research for the same or similar items.

Emergency Procurements

Formal Procedures are waived. Written justification describing the nature of the emergency is required and must meet with the approval of either the Executive Director or President.

Sole Source Procurement

A contract may be awarded for a material, service, or construction item without competition if it is determined by the person seeking the bids that there is only one source for the required material, service, or construction item. Sole source procurement shall be avoided except when no reasonable alternative source exists.

A written determination of the basis for the sole source procurement must be made and receive approval of both the Executive Director and President. Where a sole source contract procurement is being requested by the Executive Director, it must receive approval by the President.

Administrative Services

For contracts solicited by MTS headquarters for the provision of administrative services, to include, but not be limited to human resources, technology services, bookkeeping, accounting, and audit services; contracts must be reviewed per the competitive procurement policy at a minimum every five (5) years.