



SOMERVILLE HOUSING AUTHORITY  
30 Memorial Road, Somerville, Massachusetts 02145  
Telephone (617) 625-1152 Fax (617) 623-8581

**PROCUREMENT  
INVENTORY CONTROL  
AND DISPOSITION  
HANDBOOK**

## INTRODUCTION

The Somerville Housing Authority (SHA) Board of Commissioners has adopted the Somerville Housing Authority Procurement and Disposition Policy and it is from this handbook that the Authority will regulate all administrative procedures pertaining to procurement and property disposition.

The Executive Director is the chief procurement officer of the authority and is responsible for the proper and efficient oversight of all procurement and disposition matters. In carrying out the duties associated with the position of chief procurement officer the Executive Director receives regulations and guidance from the SHA Board of Commissioners, the U.S. Department of Housing and Urban Development (HUD), The Department of Housing and Community Development (DHCD), the Massachusetts General Laws (M.G.L.ch. 30B) and all appurtenant state and federal codes and regulations.

Since a substantial portion of SHA funds are expended for the purchase of goods and services required for administering its programs, prudent purchasing and disposition practices must be strictly followed to insure avoidance of the appearance of favoritism, collusion, or other improper actions. By implementing this procurement and disposition handbook, the authority will afford better service to the community through economic and ethical accountability to the taxpayers.

# PROCUREMENT AND DISPOSITION HANDBOOK

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**PROCUREMENT POLICY OF THE  
SOMERVILLE HOUSING AUTHORITY**

**1.0 Procurement Defined**

- 1.1 PROCUREMENT is defined as the process whereby purchases or contracts are made for services performed by persons other than employees of the Somerville Housing Authority (SHA), for equipment, materials, supplies, and repairs for the administration and operation of the Authority. The procurement definition also encompasses leasing and rental of equipment for the Authority.

**2.0 Responsibility and Delegation of Authority**

- 2.1 The duties of the chief procurement officer (CPO) shall encompass not only the Procurement and Disposition functions, but also Inventory Control for the Authority.
- 2.2 The chief procurement officer shall be responsible for opening and recording bid or quote submissions for all purchases of goods and services. At his/her discretion, the chief procurement officer may delegate the powers and duties of procurement to another employee. Such delegation must be in compliance with M.G.L. (CH. 30B s.19). However, the chief procurement officer shall conduct periodic reviews to insure that all procedures are being adhered to.
- 2.3 The chief procurement officer shall prepare and update the rules and regulations relating to the organization, general rules, duties and responsibilities, and internal management of the agency procurement policy. All the rules and regulations provided for in this handbook shall become effective only after final approval of the Board of Commissioners. The Executive Director shall forward the procurement and disposition policy to the Board of Commissioners annually for formal approval of the policy.
- 2.4 Provided, further, that copies of this handbook from the chief procurement officer shall be filed with all departments, divisions, and offices of the Authority.

**3.0 Purchases and Contracts**

Purchases and contracts for equipment, materials, supplies, and services, shall be made in the following manner:

**3.1 Requisitions**

- 3.1.1 All purchases of materials, supplies and services shall be pursuant to a written requisition from the head of each department or office whose budget will be charged therewith. Such materials, supplies, and services shall conform to specifications as written by the department submitting the requisition.
- 3.1.2 Purchase orders issued for all construction projects shall be administered by the modernization department. The modernization department shall be responsible for administration and compliance with all applicable state and federal statutes,

codes and regulations governing the award and administration of these projects. "Construction Contracts" will be construed to include maintenance and project work where the labor is performed by non-Authority personnel, or under special circumstances, agency staff.

When determining whether to issue a purchase order or a contract, the following guidelines should be considered:

1. Purchase orders should be issued when:
  - a. Making one-time repairs to equipment.
  - b. Purchasing materials installed such as storm doors, storm windows, etc.
  - c. For emergency repairs to buildings and equipment.
2. Written contracts should be utilized when:
  - a. Contracting for labor such as landscaping summer help.
  - b. When detailed specifications or performance requirements are to be set forth.
  - c. When the repairs or services are to be performed or provided over an extended period of time such as service contracts on elevators, fire safety systems, etc.
  - d. When major construction is involved such as roofing, plumbing, extensive repair or renovation, new construction or when there is a wide scope of work to be performed.
  - e. Whenever the amount is equal or greater than ten thousand dollars (\$10,000.00)

It should be noted that these are merely guidelines for making a decision and not inflexible rules. Each situation must be considered individually with the chief procurement officer before final decision.

- 3.1.3 Requisitions are requests to the chief procurement officer from the departments and offices to purchase or lease all commodities and services used by the respective departments.
- 3.1.4 Similar items should be kept in sequence on the requisition. For example, electrical supplies should be submitted on one requisition and plumbing supplies on a separate requisition. The same would be true of office furniture and office equipment. However, it is acceptable to list all monthly blanket purchase orders on one requisition to facilitate processing by the chief procurement officer.
- 3.1.5 A purchase order change notice is required only if the amount either exceeds ten percent or a total of \$100.00 whichever is less, or if an entire order is to be canceled. If any part of an order is to be canceled, a correction is required regardless of the amount of the order.

3.1.6 In order for the SHA to make prompt and timely payments to its vendors, it is imperative that receipt information be entered in a timely manner. Upon delivery of the goods or services, all receipts and invoices should be completed as well as items returned to the vendor.

3.1.7 All purchases of services and supplies that are exempt pursuant to M.G.L. ch. 30B, s. 1(b) shall be procured, when using federal funds, in accordance with the requirements and limitations as stated in 24CFR 85.36.

### **3.2 Small Purchases - \$75.00 or Less**

3.2.1 All purchases of materials, supplies, and services that total \$75.00 or less should be processed through a petty cash account. The account will allow purchases to be made with cash and will not require submission of a requisition or process through the chief procurement officer. The petty cash account will be administered by the Finance Department, and is subject to their proper accountability controls as well as internal and external reviews and audits.

3.2.2 By virtue of its non-profit government status, the Somerville Housing Authority is exempt from all State and local sales tax. Any authorized employee making a purchase to be processed through the petty cash account should inform the vendor of the Authority's tax exempt status and provide the vendor with a properly completed "Tax Exemption Certification."

3.2.3 All requests for payment from the petty cash account should include receipts for the items purchased, the vendor name, and the date of purchase. The request for payment shall be signed by the Director of Finance and be submitted within five working days of purchase.

3.2.4 An audit of the petty cash account will be conducted on a semi-annual basis to discourage abuse and misuse.

### **3.3 Purchases Under \$10,000.00**

For purchases of \$00.00 - \$9,999.99 only one solicited quotation is required if the price is considered reasonable. In these instances the procuring official is expected to exercise sound business judgement. If only one quotation is solicited, repeat purchases should be rotated among vendors whenever possible. **Note:** It is the responsibility of the chief procurement officer to determine if multiple quotes should be obtained.

### **3.4 Purchase Amounts of \$10,000.00 - \$34,999.99**

For purchases of at least \$10,000.00 but not exceeding \$34,999.99, no less than three quotes shall be solicited, which may be obtained orally, by telephone, or in writing. Award shall be made to the offer providing the lowest acceptable quotation unless justified in writing. If non-price factors are used, they shall be disclosed to those solicited. The names, addresses, and/or telephone numbers of the offers and persons contacted, and the date and amounts of each quotation shall be recorded and maintained as a public record. When purchases for contract services are made in the amount of five thousand dollars or greater a signed contract will be a requisite of the award. Written documents shall be retained for at least six years from the date of final payment under the contract. The records shall be open to public inspection.

**3.5 Purchases and Contracts in the Amount of \$35,000.00 or Greater**

- 3.5.1 For purchases and contracts of \$35,000.00 or greater, the chief procurement officer shall solicit sealed bids from all known sources of supply. In addition, the chief procurement officer shall advertise the request for bids in a newspaper of general circulation in Massachusetts and in the central register, and in full regulatory compliance with public bidding regulations.
- 3.5.2 Such advertisement shall contain a sufficient description to identify the items or services to be purchased and shall specify the date and time of day when the sealed bids will be opened and such advertisement must appear at least fifteen (15) days before the date specified for the opening of the bids. Before the award is made, the chief procurement officer must have prior approval from the Board of Commissioners.
- 3.5.3 All specifications on which advertisement for sealed bids are made, and all advertisements and invitations to bid shall provide that the chief procurement officer has the right to reject any single bid or all bids submitted.
- 3.5.4 Any change order increasing a contract or work project, initially subject to approval by the SHA Board of Commissioners is also subject to approval by the SHA Board of Commissioners
- 3.5.5 Change orders should not exceed 25 percent of the total contract except in emergency situations or when it is otherwise determined that it is in the best interest of the SHA.
- 3.5.6 The requirements regarding the solicitation of bids may be waived for purchases under \$35,000.00 in the following cases:
1. When the public need requires the immediate delivery of the articles or performance of the services as defined under M.G.L. as an emergency procurement;
  2. When only one source of supply is available (sole-source procurement) and the chief procurement officer so certifies; or
  3. When the purchase is made from an intergovernmental authority unless it is believed those lower prices may be available elsewhere.
- 3.5.7 If an award is made without competition, per items 1, 2, or 3 above, a formal report of such award, together with a statement justifying the lack of competition, shall be made part of the procurement file. Notice of any such award shall be published in the state *Goods and Services* bulletin as soon as possible.

### **3.6 Purchase Approval**

- 3.6.1 Purchases in excess of \$75.00, but not exceeding \$1,000.00 will require the approval of a certified procurement officer. For purchases in the amount of \$1,000.00 but less than \$10,000.00, signed authorization from the chief procurement officer is required. For purchases of \$10,000.00 but less than \$35,000.00, signatory approval from the Executive Director is required before a contract is awarded or purchase order issued. For purchases and contracts of \$35,000.00 or greater, the SHA Board of Commissioners will be required to approve prior to award. All requisitions are to be signed by a certified procurement official confirming that all procurement regulations and guidelines have been followed.
- 3.6.2 When considering the cost of goods or services to determine the level of approval the price shall be defined as the total cost of the items, total terms of the contract or a total of all lease payments regardless of individual payment amounts or time period in which payments are made.

### **4.0 Splitting of Procurements**

- 4.1 “Bid Splitting” or “Parceling of Purchases” is prohibited. The practice of “bid splitting” is hereby defined to be the device of submitting multiple requisitions for the same materials, equipment, or services, thereby, avoiding the necessity for the chief procurement officer to require competitive quotes or bids. The practice of "Bid splitting" or "parceling of purchases" is hereby declared to be improper, illegal, and against the public interest. Each requisitioning officer or official shall insure that each requisition represents the entire quantity presently known to be required and that the requisition is not part of a device or scheme to avoid purchasing on competitive bidding or to otherwise evade the established purchasing procedures of the Authority.
- 4.2 Whenever feasible, frequently used items should be purchased in as large a quantity as possible based on estimated need and available storage.

### **5.0 Emergency Procurements**

- 5.1 Whenever the time necessary to comply with a requirement of this policy or authorizing statute or regulation would endanger the health or safety of the people or property of the SHA a procurement official may make an emergency procurement without following the requirement. An emergency procurement shall be limited to only supplies or services necessary to meet the emergency and shall conform to the remaining requirements of this policy to the extent practicable under the circumstances. The authorizing procurement official shall make a record of each emergency as soon as possible after the procurement, specifying each contractor’s name, the amount and the type of each contract a listing of the supply or service provided under each contract and the basis for determining the need for an emergency procurement. The transaction shall be placed in the *Goods and Services* bulletin as soon as possible.

- 5.2 If in an emergency, there is an immediate necessity for any department or office to have a commodity and/or service not available from stock or staff personnel, for the protection, safety or welfare of the public, persons in the custody of the SHA and/or its agents, and the employees and/or property, such department or office shall: (1) endeavor to contact the chief procurement officer and secure its approval and get direction where such commodity can be purchased or by whom such services can be performed; and (2) within a reasonable time after the emergency purchase, or no later than two (2) working days, make an explanation in writing to the chief procurement officer reporting in detail the full facts that made the emergency purchases or services essential. Such written explanation shall be attached to a regular requisition to the chief procurement officer. Also, where the emergency commodity cost \$10,000.00 or greater, but less than \$35,000.00, the purchase order must be authorized by the Executive Director, or his authorized representative.
- 5.3 All invoices or delivery tickets shall be filed with the Finance Department immediately. In the event that the written explanation, requisition, or delivery tickets are not submitted to the chief procurement officer, the department head shall be held liable for such purchase or service.

## **6.0 Conflict of Interest**

- 6.1 No employee, officer, or agent of the SHA shall participate directly or indirectly in the selection or award of any contract if a conflict, real or apparent, would be involved. A "Conflict of Interest Condition" requires the bidder to contact the Executive Director if he knows of any SHA official, employee, or Board Commissioner who is directly or indirectly interested in the awarding of bid and contract for which compensation will be sought by the bidder. The bidder, nor any other officer or employee of his company, must also not give or donate, or promise to give or donate, directly or indirectly, to any official or employee of the SHA, for his benefit, any sum of money or other thing of value for aid or assistance in obtaining any contract or bid under which compensation will be sought by the bidder. The bidder further declares by signing this invitation to bid that in determining the prices and/or amounts of the bid, he has not colluded with any other person, firm, corporation or association, in arriving at said prices.
- 6.2 Any employee or official of the SHA, who shall take, receive, or offer to take or receive, either directly or indirectly, any rebate, percentage of contract, money or other items of value, as an inducement or intended inducement, in the procurement of goods and services, for, to or from any person, partnership, firm or corporation, offering, bidding for, or seeking to make sales to the SHA shall be subject to disciplinary action, including termination.
- 6.3 Any person, firm, or corporation offering to make, or pay or give any rebate, percentage of contract, money or any other thing of value as an inducement, in the procurement of business, to any employee or official of the SHA shall be subject to suspension and disqualification from future business with the SHA.

**7.0 Small, Minority and Economically Disadvantaged Businesses**

- 7.1 Positive efforts shall be made to utilize small, minority and economically disadvantaged businesses as sources for supplies and services. When contracts are to be awarded, such efforts should include developing a bidder mailing list for these businesses and encouraging them to compete for contracts to be awarded.
- 7.2 With regard to informal purchasing, additional positive efforts should be made to identify small, minority and economically disadvantaged businesses from which to solicit quotations.

**8.0 Contract Administration Procedures**

**8.1 Contracting Officer**

- 8.1.1 Per statute and employment contract the Board of Commissioners authorizes the Executive Director to serve as contracting officer of the Authority.
- 8.1.2 Although contracting authority flows from the SHA Board of Commissioners through the Executive Director, the contracting officer bears responsibility at the operating level, performing such tasks as contract initiation, development, negotiation, award and subsequent administration throughout the life of the contract.
- 8.1.3 The signature of the contracting officer on SHA contracts is a legal commitment and requires continuing performance by the contracting officer on behalf of the SHA or performance by SHA through the contracting officer under the terms of the contract. Such performance involves response to disputes and claims by the contractor. The contracting officer will review contractors' requests for changes in performance, specifications or price. The contracting officer may also negotiate equitable price increases if allowed under the terms of the contract or caused by changes in performance or specifications requested by the SHA. Upon review of the proposed changes, the contracting officer will submit all formal changes to the Executive Director and the Board of Commissioners for approval when necessary. Upon approval by the Executive Director and the Board of Commissioners, the contracting officer will be responsible for implementing these changes.

**9.0 Inventory Control and Disposition**

**9.1 Inventory Control**

- 9.1.1 It is the responsibility of the purchasing Department to maintain an equipment management system that includes inventory control and management of all personal property of the SHA. This includes, but is not limited to, the following:

- A. Identification and purchasing of Authority-owned equipment;
- B. Inventory of all equipment;
- C. System for disposition of equipment within the Authority.
- D. System for transfer of equipment within the Authority.

9.1.2 It will be the responsibility of the Purchasing Department to maintain a system for disposition of surplus equipment outside the Authority.

9.2 **Receipt and Tagging of Equipment**

Upon receipt of any item, the necessary information should be entered into the computer immediately. Purchasing will then forward an inventory tag to be placed on the equipment. (**Note:** this applies only to equipment that falls into inventorial categories.)

9.3 **Disposition of Equipment, Value Not to Exceed \$10,000.00**

9.3.1 The individual offices or developments of the SHA having material or equipment, which is surplus, obsolete, stolen or unused, shall certify this to the Executive Director. The Executive Director, if in agreement with the certification, shall approve and authorize the recommendation for disposition.

9.3.2 It is the sole responsibility of the chief procurement officer to determine if the equipment, which is surplus, obsolete or unused, can be transferred within the Authority or should be disposed of.

9.3.3 When items of equipment are listed as surplus, the chief procurement officer shall determine if any other department, office or division has a need for the material or equipment, and if there is a need, the material shall be transferred to the department/office in need.

9.3.4 If the chief procurement officer determines that no other department, or office has a need for the material or equipment, it shall cause the material or equipment to be traded in on a new purchase of equipment, or to be advertised for sale either by auction or sealed bid through the chief procurement officer. Said disposition will be in accordance with federal and state regulations.

9.3.5 When it is determined by the Executive Director that surplus, obsolete or unused material or equipment has no sale or salvage value, the Executive Director shall dispose of it in the best manner possible.

10.0 **Suspension and Debarment**

10.1 SHA may suspend or debar a contractor, vendor or consultant from participation in the procurement and contracting activities for a reasonable, specified period of time commensurate with the seriousness of a violation of or a failure to perform on other contracts.

Suspension or debarment may also be imposed for violation of contract clauses, including but not limited to equal employment opportunity provisions, labor standards requirements, acceptance of contingent fees or other serious contract violations.

It is the responsibility of the Contracting Officer to evaluate the seriousness of the violation and recommend appropriate action to the Executive Director. Upon concurrence by the Executive Director the Contracting Officer will notify the vendor, contractor or consultant, in writing, of the violations and the penalty to be imposed.