



CITY OF DETROIT  
OFFICE OF THE CHIEF FINANCIAL OFFICER

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**CFO DIRECTIVE**  
**No. 2018-101-020**

**SUBJECT:** Contracting and Procurement  
**ISSUANCE DATE:** October 17, 2018  
**EFFECTIVE DATE:** October 17, 2018

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1. AUTHORITY

- 1.1. State of Michigan Public Act 279 of 1909, Section 4s(2), as amended by Public Act 182 of 2014, states the chief financial officer shall supervise all financial and budget activities of the city and coordinate the city's activities relating to budgets, financial plans, financial management, financial reporting, financial analysis, and compliance with the budget and financial plan of the city.
- 1.2. The 2012 Charter of the City of Detroit, Article 6, Chapter 3, provides various requirements for purchasing.
- 1.3. The 1984 Detroit City Code, Chapter 18, Article V, provides various requirements for purchasing.

2. OBJECTIVES

- 2.1. To ensure Departments are able to obtain necessary goods and services in order to support City operations through legal, ethical and value-driven purchases in accordance with all applicable rules, regulations, and legislation.
- 2.2. To help make Detroit a desirable environment for suppliers to do business.

3. PURPOSE

- 3.1. To establish the City's policies related to contracting and procurement.

4. SCOPE

- 4.1. This Directive applies to all Departments, Divisions, and Agencies except component units that may have their own rules and regulations.

5. RESPONSIBILITIES

- 5.1. The Deputy CFO- Chief Procurement Officer shall be responsible for the administration and oversight of the Directive.

6. POLICY

6.1. General

- 6.1.1. The Office of Contracting and Procurement (OCP) is the only City department authorized to, (1) conduct the bid solicitation process for all purchases, (2) issue a purchase order, and (3) create contracts for purchases, with the exception of legal service-related contracts that are the responsibility of the Law Department.
- 6.1.2. OCP, in collaboration with City departments, the Office of Departmental Financial Services (ODFS), and the Office of Development and Grants (ODG),

shall be responsible for producing an Annual Procurement Plan (APP) prior to the end of the preceding fiscal year. The completed APP shall be consistent with the goals of the Administration and shall be submitted to the Mayor's Office and the Chief Financial Officer (CFO).

- 6.1.3. City funds shall not be used for, (1) goods or services that are not necessary in the course of doing the City's business, (2) alcohol or illegal substances, (3) personal goods or services, and (4) donations or contributions to politically affiliated organizations.
- 6.1.4. OCP shall perform due diligence prior to purchasing goods or services. Methods may include, but are not limited to, (1) market research, (2) build vs. buy analysis, and (3) cost-benefit analysis.
- 6.1.5. Non-Competitive (Sole Source) Procurements must be approved by the Chief Procurement Officer (CPO). Grant-funded sole source procurements shall be adhere to Federal rules and regulations as communicated by the ODG.

## 6.2. Authorized and Unauthorized Purchases

- 6.2.1. All City purchases shall be made under a valid, legal agreement.
- 6.2.2. Purchases made without a valid, legal agreement are considered unauthorized purchases. In the event an unauthorized purchase occurs, Department Directors must submit documentation to the CPO, and the CPO or Deputy CPO shall acknowledge an unauthorized purchase. The CPO shall develop a monthly report on unauthorized purchases for the Mayor and CFO. Unauthorized purchases are subject to disciplinary action, up to and including termination.
- 6.2.3. Suppliers shall not ship or deliver goods and / or services to City departments without a valid, legal agreement. Suppliers that do so are at risk for payment and eligibility as a City supplier.

## 6.3. Emergency Purchases

- 6.3.1. In accordance with City law, the CPO may make, or authorize others to make, an emergency procurement when circumstances require the immediate delivery of goods or services, or when there exists a threat to public health, welfare or safety under emergency conditions.
- 6.3.2. An emergency procurement shall not be allowed for requests which are, (1) a result of inadequate planning or overlooked requirements, (2) for satisfying preference or conveniences, (3) to prevent funds from lapsing at the end of a fiscal year, or (4) for any other reason that seems to circumvent regular procurement methods outlined by City law or this Directive.

## 6.4. Personal Services Contracts (PSCs)

- 6.4.1. All PSCs shall be completed using the City's current procurement technology and shall adhere to procedures established by the CPO and Human Resources Director.
- 6.4.2. The term length of a PSC shall not exceed two (2) years so long as the PSC has funding identified in the current year adopted budget and the subsequent year of the four year financial plan. At the time the subsequent budget and four year

financial plan is approved, ODFS shall determine if the funding source used at the time the PSC was first approved has been appropriated. Should the funding source no longer exist, the department must cancel the PSC or identify an alternative funding source.

#### 6.5. Requisition Management

- 6.5.1. All purchases, except PSCs, must be initiated with a requisition in the City's financial management system.
- 6.5.2. ODFS shall submit all requisitions unless otherwise agreed to between the Department Director and the Deputy CFO- Director of Departmental Financial Services. Departments must complete a detailed scope of work or detailed specifications and provide that information to ODFS for them to include in the requisition.
- 6.5.3. The OCP shall provide technical assistance on creating a scope of work or specifications.
- 6.5.4. Sole source justification must be included in the requisition, when applicable.
- 6.5.5. Grant-funded requisitions shall be approved by the ODG prior to requisition submission.
- 6.5.6. A Department shall not artificially divide a larger dollar value purchase into smaller dollar purchases in order to circumvent established approval thresholds.

#### 6.6. Solicitation Management

- 6.6.1. The City, through OCP, must competitively bid all new contracts to the greatest extent possible. A bid solicitation shall not be issued without a requisition and available funding.
- 6.6.2. Bid documents must clearly and concisely describe the goods or services necessary for a bidder to submit a quality response.
- 6.6.3. Approved affidavits, clearances and other related documents for bids equal to or greater than \$25,000 shall be required at the time of bid submission and in compliance with established law and requirements.
- 6.6.4. Suppliers must submit all bids through the City's e-procurement system unless otherwise determined by the CPO.
- 6.6.5. OCP shall manage the bid review process. OCP and Departments shall take the necessary actions to review all bids in an efficient and effective manner.

#### 6.7. Purchase Order and Contract Management

- 6.7.1. All agreements must be approved and / or signed by the CPO.
- 6.7.2. Purchase orders are mandatory except for those goods or services as stated in CFO Directive 2018-101-018 Accounts Payable.  

For applicable suppliers, suppliers shall not commence work until receipt of a valid, legal purchase order.
- 6.7.3. Contract monitoring shall jointly be performed by OCP and Departments. ODFS shall monitor revenue-related contracts

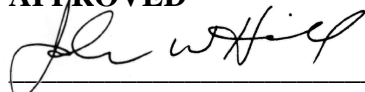
- 6.7.4. Departments shall be responsible for ensuring goods or services are received in a manner that is consistent with the terms of the contract and that goods or services do not exceed the approved amount.
- 6.8. Supplier Protests. Suppliers may submit a formal written protest letter with supporting documentation to the CPO within five (5) business days of a solicitation, bid due date, and / or award of a City procurement. The CPO or Deputy CPO shall review the protest documentation and render a response to the protest within ten (10) business days upon receipt of supporting documentation.
- 6.9. Purchase Cards (P-cards)
- 6.9.1. P-cards shall only be used to purchase infrequent, critical, low-dollar value goods and services under \$2,000. Sales tax is not reimbursable. The following commodities cannot be purchased with a P-card:
- Purchases already under contract;
  - Restocking day-to-day inventory;
  - Furniture;
  - Technology;
  - Travel and travel related expenses;
  - Cash advances;
  - Long term rental or lease of land or buildings; and
  - Personal expenditures
- 6.9.2. All P-cards must be issued in the name of the individual employee and shall only be used by the authorized individual (i.e. the Cardholder). The Cardholder must submit expense reports in the City's financial management system on a monthly basis.
- 6.9.3. Grant funds shall not be used for P-card expenditures without prior approval by the ODG and the P-card Administrator.
- 6.9.4. Department Directors shall ensure their employees adhere to all laws and policies.

## 7. DEFINITIONS

- 7.1. *Annual Procurement Plan*: a plan that documents the operating and priority-based purchasing needs of a City agency within a fiscal year and, where feasible, future fiscal years. The plan must identify opportunities to aggregate purchases across departments and collaborate with other purchasing initiatives at an enterprise level.
- 7.2. *Bid Solicitation Process*: the process of seeking information, proposals, and / or quotations from suppliers made public through advertising or some method of communication.
- 7.3. *Non-competitive (Sole-source) Contract*: an agreement entered into without a competitive process, based on a justification that only one known source exists or that only one supplier can fulfill the requirements.

- 7.4. *P-card*: a pre-paid purchase card that is issued to an authorized person to make purchases for infrequent, critical, low-dollar value goods and services under \$2,000.
- 7.5. *P-card Administrator*: an individual assigned by the OCP to serve as the focal point for inquiries, approvals, and maintenance of P-card accounts.
- 7.6. *Personal Services Contract (PSC)*: an agreement with an individual that generally establishes an employer-employee relationship with a City agency.
- 7.7. *Unauthorized Purchase*: an invalid agreement for goods and / or services made by an individual who does not have the express written delegation of procurement authority to bind both parties.

**APPROVED**



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John W. Hill

*Chief Financial Officer, City of Detroit*