

DREAMLAND VILLA RETIREMENT COMMUNITY

Administrative Policy and Procedure

Subject: Purchasing

Initially Adopted: April 8, 2008

Amended: 12/8/15, 2/9/16, 11/8/16, 9/6/17, 4/10/19

I. Policy Statement:

The Dreamland Villa Retirement Community (DVRC) has established the following procedures for the purchasing of supplies, repairs, equipment and services in order to manage expenditures while at the same time provide reasonable flexibility in its procurement practices so as not to impede the daily operations of the organization.

II. Definitions:

Capital Expenditure – An expenditure for the acquisition of new Property, Plant, and Equipment (PP&E) having a useful life of more than one year and a cost of \$3,000 or more, including all costs to place the item in service and any applicable taxes. An expenditure of \$3,000 or more for the addition to, or betterment of, existing PP&E, and that will increase the useful life or improve functionality of the asset. The source of funding for the expenditure has no bearing. However, they will usually be funded from the capital reserve account.

Consumable — Any items or supplies to be purchased that have a life expectancy of less than one year, regardless of cost.

Contractor — An individual or a company hired to furnish supplies or services. All contractors must possess the appropriate license(s) to conduct business.

Emergency — The need to purchase equipment, supplies or services to replace/repair malfunctioning equipment, to remedy safety hazards or to repair damage to facilities that without immediate attention would create a safety, health or security danger,

Equipment — Any item to be purchased that has a life expectancy of one year or more.

Officer — The President, Vice President, Treasurer, Assistant Treasurer, Secretary, and Assistant Secretary.

Maintenance — The routine work that is done regularly to keep a machine, building, or piece of equipment in good condition and working order.

Materials — Generally supplies or other items used in a construction or repair project.

Purchaser — The individual authorized to make or arrange for the purchase of supplies, repairs, services or equipment.

Repairs — The need to repair or replace a damaged or inoperable piece of equipment or the damaged or deteriorated section of a building or other structure.

Services — Any and all work provided to DVRC including, but not limited to, facility construction and repairs, reconstruction or renovation projects and labor only services such as caterers, inspectors, etc. Services may include labor as well as materials.

Sole Source Purchase — The purchase of any supplies, repairs, services or equipment where it can be documented that only one vendor is available to provide such supplies, repairs, services or equipment.

Vendor – A supplier of supplies, services, repairs or equipment.

III. Procedures

A. Quotations/Bids:

1. In all cases it is expected the purchaser will seek the lowest reasonable cost and will take advantage of discounts, sales, trade-in's etc. and that the prices paid for supplies or services purchased on a routine basis from a single vendor will be re-evaluated minimally on an annual basis.
2. Where required in the following procedures, a minimum of three quotations or bids will be obtained prior to the issuance of a purchase commitment. In the event there is only one vendor who can supply the supplies or services needed at an acceptable cost or within an acceptable time frame, the purchaser will document the facts and include the documentation with the request to purchase or for payment.

B. Budget Approval:

Before any purchase authorization can be made the purchaser must insure the purchase is within the current approved budget. Purchases not included in the current approved budget must be approved by the full Board of Directors before a purchase commitment can be made. If appropriate, purchase requests for items not included in the current approved budget may be handled as an emergency.

C. Emergences:

1. All emergency purchases with an aggregate cost of less than \$250.00 require only the approval of the Administrative Services Manager or appropriate Committee Chairperson.
2. All emergency purchases with an aggregate value of \$250.00 or more but less than \$2,000.00 requires the approval of the Administrative Services Manager or appropriate Committee Chairperson, and a board member who is an officer.
3. All emergency purchases costing in excess of \$2,000.00 must be approved in advance by two board members, one of whom must be an officer, with the expenditure to be brought before the full Board for ratification at its next regularly scheduled meeting.

D. Contracts:

1. All purchases for consumables, repairs, maintenance, and equipment will be subject to the Policy and Procedures governing the use of contracts and agreements.

E. Consumables:

1. Any purchase of \$100.00 or less may be reimbursed through the petty cash fund.
2. All purchases with an aggregate value of less than \$250.00 require only the approval of the Administrative Services Manager or appropriate Committee Chairperson.
3. All purchases with an aggregate value of \$250.00 or more but less than \$2,000.00 require approval of the appropriate Committee Chairperson and a board member who is an officer.
4. All purchases with an aggregate value of \$2,000.00 and over require three written bids and the approval of the Board of Directors.

F. Maintenance/Repairs (Non-Emergency):

1. All maintenance or any repair with an aggregate value less than \$250.00 requires only the approval of the Administrative Services Manager or appropriate Committee Chairperson.

2. All maintenance or any repair with an aggregate value of \$250.00 or more but less than \$2,000.00 requires the approval of the appropriate Committee Chairperson and a board member who is an officer.
3. All maintenance or repairs with an aggregate value of \$2,000.00 and over requires three written bids and must be approved in advance by two board members, one of whom is an officer, with the expenditure to be brought before the full Board for ratification at its next regularly scheduled meeting.

G. Capital Expenditure:

1. All capital expenditures of \$20,000 or less require three written bids and must be approved in advance by two board members, one of whom must be an officer, with the expenditure to be brought before the full Board for ratification at its next regularly scheduled meeting.
2. All capital expenditures in excess of \$20,000.00 must be approved as indicated in the Bylaws.