

Elizabeth Morse Genius Foundation

Charles Hosmer Morse Foundation

Purchase Order Policy

June 30, 2009

a. Overview

It is the policy of the Elizabeth Morse Genius Foundation and the Charles Hosmer Morse Foundation to follow a practice of ethical, responsible and reasonable procedures related to purchasing agreements, contracts, and related forms of commitment. These policies describe the principles and procedures that all staff members shall adhere to in the completion of their designated responsibilities.

b. Foundation Policies

- **Authorization by a Foundation Officer is required prior to placing an order for purchase, or making a purchase of \$2,500 or more.**
- **A minimum of three price quotes/bids must be obtained for procurement of items or service contracts costing \$10,000 or more.**
- **If an invoice is 10% over an approved Purchase Order, an additional Purchase Order must be submitted for approval for the difference (even if the difference is under \$2,500).**
- **All goods must be shipped to an address of the Foundation/Museum.**
- **Approved vendors are reviewed for competitiveness and quality of service on an annual basis.**
- **A request for exemption from sales tax is presented on all qualifying purchases.**
- **Additional procurement requirements for specific contracts are followed and procedures are modified as needed.**

(1) Procurement Practices

All purchases except utilities, property rentals and other similar recurring expenditures should be obtained via the procedures described below. Procurement selection will give consideration to all relevant factors (i.e., quality, service, cost, etc). Selection will not be based solely on cost. Certain Professional services, due to their nature are monitored via contract management procedures and

not the generation of a purchase order. **All contracts must be approved and signed by a Foundation Officer(s).**

(2) Bids Required for Items Costing \$10,000 or more.

A minimum of three bids or price quotes will be obtained for purchases of items having a cost of \$10,000 or greater. The assigned staff member will secure price quotes or bids and will provide documentation of the bids/quotes. Documentation may include the following:

1. Published advertisements (including copies of web-based prices) of available product will be deemed acceptable evidence of bid or price quote.
2. Written bids, provided by the vendor via email/PDF, FAX, or regular mail.

Note: Under special circumstances, three bids may not be necessary if the health, welfare, safety, etc., of staff and protection of Foundation property is involved. Also, if there is only one (1) distributor/supplier for the goods and/or services needed and no other product meets the stated needs or specifications, additional bids will not be necessary.

The “Purchase Order Bid Process Exception Form” must be completed any time the three bid process is not used for a purchase that is \$10,000 or greater.

(3) Providing Rationale for Higher Bids

Whenever the vendor selected is other than the lowest bidder, reasons for the selection will be documented via internal memorandum and attached to the purchase documentation.

c. Use of Purchase Orders

It is the policy of Foundation to utilize a purchase order system for all purchases of \$2,500 or more. Purchase Orders shall be pre-numbered, printed in triplicate and kept by the accounting department (Museum – Admin Dept). Any staff member will be able to retrieve a Purchase Order or Check Request Form via the Controller (Museum- Director’s Assistant).

(4) Generation of a Purchase Order

All department heads shall have the authority to initiate purchases on behalf of their department, within the described guidelines. In addition, department heads may delegate purchasing authority to responsible individuals within their department.

A purchase order request package is to be prepared for all purchases of \$2,500 or more, and is to be initiated by the individual requesting the purchase.

Note: Authorization from a Foundation Officer is required prior to placing an order, or making a purchase of \$2,500 or more.

The employee requesting the purchase prepares a purchase request package including:

- Items requested, listed separately, with description

- Quantity of items requested
- Unit price
- Total cost
- Name and address of vendor
- Copy of budget for capital items
- If the purchase requested is greater than \$10,000, documentation of price quotes or bidding is attached.
- Shipping address must always be a Foundation/Museum address

The individual confirms availability of budgeted funds for the purchase, and documents this in the purchase request package.

A department manager with appropriate authorization level (Museum – Director), must authorize all purchases. Requests for purchases of \$2,500 or more must be approved by a Foundation Officer. Purchases over \$5,000 must be approved by Two Foundation Officers.

Note: Officers of the Foundations have final approval authority over all purchases and contractual commitments as defined in this policy.

The completed purchase order (with appropriate approval level) is distributed as follows:

- The vendor is given the white copy.
- The accounting department is given the yellow copy and will match the terms against the vendor's invoice.
- Department initiating the purchase retains the pink copy.
- After the receipt of the goods or services, the initiator of the purchase authorizes payment of the vendor's invoice (in full or part) and sends approved invoice to the accounting department for processing.

(5) Tax Exemption

The Foundation is a tax-exempt organization under the laws of the Federal government, Florida, and New York State (CHMF-only). As such, the Foundation is exempt from sales taxes on goods purchased for its own internal use. To take advantage of this exemption, the purchaser should present a completed tax exemption form when making purchases on behalf of the Foundation. Employees who do not secure exemption from sales taxes may not receive reimbursement for the sales tax when they request reimbursements.

Note: This exemption does not cover hotel, airfare, or communication-related taxes such as those on telephone bills.

(6) Making the Purchase

Upon receiving authorization for a purchase, the employee completes the purchase, ensuring that the following information is included in the purchase documentation.

- i) Items from the approved purchase request:**
 - Items requested, listed separately, with description
 - Quantity of items requested

- Purchaser's confirmation of budget availability
 - Name and address of vendor
 - Unit price
 - Total purchase amount
 - If the purchase requested is greater than \$10,000 documentation of bidding or price quotes is attached.
 - Signature of the Department Manager and Foundation Officer(s)
- ii) Additional information documenting the purchase:**
- Ship-to information (must be physical address of the Foundation/Museum at all times)
 - Date the order was placed
 - Date the goods are to be delivered
- iii) Shipping method**
- Terms of purchase

The person making the purchase retains copies for their own file of open purchases, and forwards the full purchase package to the accounting department.

d. Ethical Conduct in Purchasing

Ethical conduct in managing Foundation's purchasing activities is an absolute essential. Staff must always be mindful that they represent the board of directors and share a professional trust with other staff and the general public. Staff shall discourage the offer of, and decline, individual gifts or gratuities of value in any way that might influence the purchase of supplies, equipment, and/or services.

e. Conflicts of Interest Prohibited

No member of the Board of Directors or staff thereof shall, either directly or indirectly, be a party to or be in any manner financially involved in any contract or agreement with the Foundation for any matter, cause, or thing whatsoever by reason whereof any liability of indebtedness shall in any way to be created against the Foundation. If any agreement or contract shall be made in violation of these regulations, the same shall be null and void, and no action shall be maintained thereon against Foundation.

Purchase Order Bid Process Exception Form

This form shall be used to document any exception to the formal bid process. Completion of this form with associated rationale is required anytime the three bid process is not used for a purchase that is \$10,000 or more.

<p>___ Sole Source – the product/service is unique and this vendor is the only one to the extent of our knowledge from whom the product/service can be purchased.</p> <p>___ Sole Acceptable Source/Brand – similar types of the product/service may exist, but that the vendor/brand, for some reason of expertise, and/or standardization, quality, compatibility with existing equipment, specifications, or ability, is the only source/brand that is acceptable to the requestor or Foundation. Sole brand may be available from more than one source of supply, and if so, shall be competitively bid to those sources in accordance with the purchasing policy established by the Foundation.</p> <p>___ Unanticipated Immediate Need – An unanticipated project/service/product with a timetable that makes the three bid process unfeasible. (Provide detailed explanation on a separate sheet)</p>
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Detailed Explanation/Justification:

___ The requested product is an integral repair part or accessory compatible with existing equipment. **Detail:** _____

___ The requested product has unique design performance specifications or quality requirements, which are essential to my project's needs and are not available in comparable products. **Detail:** _____

___ The requested product is essential in maintaining project continuity or to remain in compliance with established standards. **Detail:** _____

___ The requested product is one with which I (or my staff) have specialized training and/or extensive experience. Retraining would incur substantial cost in money and/or time. **Detail:** _____

1. **List financial and intangible risks associated with this exception:**

2. **Describe any efforts to identify other sources to furnish the required items or services:**

I certify under the penalties of perjury that the above statements are true and that I have no financial or other beneficial interest in the vendor.

Authorized Signature

Date