

Freedom Pond Cooperative, Inc.

Procurement Policy

The following policies and procedures shall be followed when the Freedom Pond Cooperative purchases equipment, materials, supplies, property, or services from an outside source.

I. General Policy

- A. **No Conflict of Interest.** All directors, employees, or agents who participate in the selection or acceptance of a contract for equipment, materials, supplies, or services must comply with the Cooperative's conflict of interest policy. No director, employee, or agent will participate in the selection or acceptance of a contract involving a conflict of interest without the approval of the board. "Conflict of interest" includes situations in which the employee, family member, or board member has a financial interest in the business or individual selected for the contract.
- B. **No Purchase of Items for Personal Use.** No director, employee, or agent who participates in the selection or acceptance of a contract for equipment, materials, supplies, or services shall use such items for personal use.
- C. **No Receipt of Gratuities.** No director, employee, or agent shall solicit or accept gratuities, favors, or anything of value from contractors, potential contractors, or parties to agreements with the Cooperative.
- D. **No Purchase of Items Not Approved in the Budget.** No director, employee, or agent shall solicit or accept any equipment, materials, supplies, or services that have not been approved by the Board of Directors in the annual budget without prior approval of the board.
- E. **Document Cost Analysis.** The Cooperative shall conduct a cost analysis and document the analysis in the procurement files in conjunction with every purchase, which may include but is not limited to an internet search, calling several retailers, comparison of retailer advertisements, etc. The procurement file should include a justification for the lack of competition if competitive bids or offers are not obtained.
- F. **Contract with Winning Bidder.** If a contract is competitively bid, the Cooperative will enter into a contract with the winning bidder that specifies the equipment, materials, supplies, property, or services to be purchased and the payment terms.
- G. **Evaluate Each Contractor.** The Cooperative will evaluate each contractor at the completion of each contract. The evaluation will be utilized to make decisions to award future contracts.

II. Acquisition Procedure

The Cooperative will conduct all procurement transactions in a manner that maximizes opportunities, increases quality, and reduces the cost of purchase. All Board of Directors discussion and voting related to acquisition of goods and services will be conducted in public session. The Cooperative reserves the right to reject any bids or offers, if deemed to be in its best interest.

- A. **Pricing Procedures.** The Board of Directors shall determine which of the following procurement procedures shall be utilized for each purchase of equipment, materials, supplies, property, or services involving amounts over \$500:
 - 1. **Open Market Inquiry.** The Cooperative will inquire in the open market to ensure an advantageous price and quality. The file shall document the inquiries made and offers received.
 - 2. **Request for Competitive Quotes.** The Cooperative will request competitive quotes, orally or in writing, from at least three different sources. The file shall document each invitation made and offer received.
 - 3. **Formal Proposal Procedure.** The Cooperative will solicit competitive responses through a formal bid procedure, which shall include the specific purchase to be made and all services to be rendered. (Competitive Quotes may be used as a basis for determining the exact goods and services required and a general price range.) Bids will remain sealed until the

