

State of Michigan  
Michigan Procurement Policy Manual

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## CHAPTER 2 Organizational Structure, Delegated Authority, and Roles and Responsibilities

### 2.1 Chapter Overview

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This Chapter describes the organizational structure of enterprise procurement, the working relationship of the department or agency director and the Chief Procurement Officer in procurement matters, the delegated authority program, auditing, and record retention policies.

### 2.2 Department of Technology, Management & Budget – Central Procurement Services

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Pursuant to MCL 18.1261, et seq. the Department of Technology, Management & Budget (DTMB) is charged with providing for centralized procurement services. The DTMB created the Central Procurement Services to provide for the purchase and contracting of all items needed by State agencies for which the legislature has not otherwise expressly provided. Central Procurement Services is responsible for, including but not limited to, the following:

- Setting and executing the vision, direction, strategy, long term strategic goals and objectives for enterprise procurement.
- Leading the “Procurement Executives.”
- Establishing and executing policy, processes, procedures, training and other programs (“Procurement Matters”) necessary to effectively and efficiently transact business as required under Public Act 431 of 1984.
- Approving exceptions from the Michigan Procurement Policy Manual.
- Authorizing department and agency delegated authority.

### 2.3 Executive Departments and Agencies – Procurement Executive

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To ensure statewide standardization in Procurement Matters, the director for each principal department and agency with personnel that perform procurement functions must identify a senior-level purchasing position (the “Procurement Executive”) accountable to the department or agency (responsible for the employment relationship with the Procurement Executive – a “solid-line” reporting relationship) and to the Chief Procurement Officer (responsible for directing statewide procurement operations – a “dotted-line” reporting relationship).

Table 2.3 outlines the roles and responsibilities of the Procurement Executive to the department or agency director and to the Chief Procurement Officer.

**Table 2.3. Roles and Responsibilities of Procurement Executive**

<b>Procurement Executive Roles and Responsibilities</b>	<b>To the Department or Agency Director</b>	<b>To the Chief Procurement Officer</b>
<b>Procurement Matters</b>	Accountable to department or agency management on Procurement Matters to support the needs and requirements of the department or agency.	Accountable to the Chief Procurement Officer on Procurement Matters to support the needs and requirements of the State.
<b>Liaison Between the Department or Agency, and the Chief Procurement Officer</b>	Responsible for providing the Chief Procurement Officer's perspective on Procurement Matters and important issues potentially impacting department or agency operations, State operations or its citizens.	Responsible for providing department or agency perspective on Procurement Matters and important issues potentially impacting department or agency operations, State operations or its citizens.  The Procurement Executive will serve as a member of the Procurement Leadership Team and attendance at the meeting is required.
<b>Statewide Procurement Aligned Objectives</b>	Responsible for ensuring that the necessary steps are taken to effectively execute and meet the statewide procurement aligned objectives.	Responsible for providing support to ensure that the procurement aligned objectives are met.
<b>Recruitment, Selection, and Training of Department or Agency Employees Who Perform Purchasing Functions</b>	Responsible for ensuring the recruitment, selection, and training of department or agency personnel, who perform procurement functions throughout the department or agency, in accordance with the guidelines provided by the Chief Procurement Officer.	Responsible for actively participating in establishing and executing enterprise-wide recruitment, selection and training guidelines for personnel who perform procurement functions.

**2.4 Delegation of Authority**

In an effort to effectively and efficiently transact business, DTMB has exercised its ability to delegate purchasing activities. This does not apply when procuring goods and services for which procurement authority has been statutorily granted to an agency outside of Public Act 431 of 1984. If procurement authority is granted to an agency outside of Public Act 431 of 1984, the agency must identify the applicable statute on the award document in SIGMA regardless of the dollar amount.

## **2.4.1 Issuance of Standard Delegated Authority**

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### **2.4.1.1 Purchases less than or equal to \$500,000**

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The DTMB delegates its procurement authority to all agencies for purchases less than or equal to \$500,000.00 per contract, provided each agency fully complies with the provisions of this delegation of authority policy. Unless otherwise indicated, the DTMB Financial Services unit is granted delegated authority for all IT-related commodities and commoditized services purchases less than or equal to \$500,000.00. The DTMB Financial Services unit may issue directives providing guidance and/or authority to agencies for purchasing IT related commodities and commoditized services.

All purchases with an IT component, as defined in Chapter 6, Section 6.4.5.2 or without an IT component must be processed in accordance with the [Purchasing Matrix](https://stateofmichigan.sharepoint.com/teams/insidemi/Purchasing/Reference%20Library/Reference%20Guides/purchasing-matrix.pdf) (<https://stateofmichigan.sharepoint.com/teams/insidemi/Purchasing/Reference%20Library/Reference%20Guides/purchasing-matrix.pdf>).

All cumulative changes or one-time purchases exceeding \$500,000.00 require Central Procurement Services approval.

### **2.4.1.2 Direct Human Services**

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To the extent that the DTMB has procurement authority for the contracting of direct human services (e.g. physicians, dentists, psychologists, psychiatrists, social workers, adoption professionals, etc.), DTMB delegates it to all agencies for an unlimited amount per contract.

## **2.5 Exercising Delegated Authority**

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An agency may exercise its delegated authority as granted without further approval from DTMB (except as required herein) provided the agency:

1. Verifies that there is no active state-wide contract in Central Procurement Services for the subject good(s) or service(s).
2. Follows all policies and procedures published in the Michigan Procurement Policy Manual.
3. Properly uses commodity codes, CS-138, and cited authority within SIGMA.
4. Provides Central Procurement Services the completed multi-year contract and change notice (<https://stateofmichigan.sharepoint.com/teams/insidemi/Purchasing/reporting/SitePages/DataCollection.aspx>).
5. Does not divide larger purchases into sequential purchases of less than \$500,000 – order splitting.

## **2.6 Extended Delegated Authority**

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An agency may request in writing extended delegated authority from Central Procurement Services in excess of \$500,000.00 on a case-by-case basis. Central Procurement Services will review the request and approve or deny the request within five business days.

## 2.7 Executive Departments and Agencies – Roles and Responsibilities

Delegated authority is granted to the department or agency pursuant to the roles and responsibilities identified in Table 2.7.

**Table 2.7 Roles and Responsibilities Pursuant to Delegated Authority**

<b>Description of Roles and Responsibilities or Activities</b>	<b>Department or Agency Director Roles and Responsibilities</b>	<b>Chief Procurement Officer Roles and Responsibilities</b>
<b>Procurement laws, rules and regulations, objectives, policy, processes, procedures, and other programs</b>	Provide support to the Procurement Executives to ensure that personnel who perform procurement functions understand and adhere to procurement laws, rules and regulations, policy, processes, and programs.	Establish and provide statewide procurement policy, processes, procedures, and programs.  Ensure that all personnel who perform procurement functions understand and adhere to standardized rules and regulations, policy processes, procedures and other programs.
<b>Aligned Objectives</b>	Support the Procurement Executive in the execution of the State procurement aligned objectives.	Establish statewide procurement aligned objectives.  Obtain agreement from the Procurement Executive and support from the Executive Steering Committee on the statewide procurement aligned objectives on an annual basis.  Provide the department or agency and the Procurement Executive with the necessary support to ensure that the statewide aligned objectives are met.
<b>Forum to report out on important Procurement Matters</b>	Provide a forum for the Procurement Executive to report out to the department or agency director on important Procurement Matters.	Provide a forum for the Procurement Executive to report out to the Chief Procurement Officer on important Procurement Matters.
<b>Recruitment and selection of Procurement Executive position that is vacated</b>	Responsible for ensuring the recruitment and selection of the Procurement Executive.	Responsible for providing input and support on the recruitment and selection of the Procurement Executive.

<b>Description of Roles and Responsibilities or Activities</b>	<b>Department or Agency Director Roles and Responsibilities</b>	<b>Chief Procurement Officer Roles and Responsibilities</b>
<b>Performance of the Procurement Executive</b>	As necessary, provide the Chief Procurement Officer with feedback on the Procurement Executive's performance related to Procurement Matters.	Responsible for providing the department or agency director, on a regular basis, input on the Procurement Executive's performance as related to Procurement Matters.
<b>Recruitment, selection and training of department or agency personnel who perform procurement functions</b>	Supports the Procurement Executive in the recruitment, selection and training of procurement personnel.	Responsible for establishing relevant guidelines regarding the procurement functions to be included in position descriptions, and recruitment and training guidelines for personnel who perform procurement functions.

## 2.8 Auditing

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DTMB Central Procurement Services has the authority to audit all purchases made by the department or agency under delegated authority. Delegated authority may be withdrawn if the department or agency personnel fail to adhere to the requirements of the Michigan Procurement Policy Manual, or any other requirement (related to Procurement Matters) communicated by the Chief Procurement Officer, or designee. DTMB Central Procurement Services will work closely with agencies to monitor the procurement and contracting process, remedy issues, and monitor compliance with procurement policies and procedures.

Departments and agencies are encouraged to conduct self-audits to ensure compliance with the state of Michigan's procurement laws, the Michigan Procurement Policy Manual, processes, and procedures.

## 2.9 Record Retention

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The State procurement related [Retention and Disposal Schedules](https://www.michigan.gov/dtmb/0,5552,7-358-82548_21738_31548---,00.html) (https://www.michigan.gov/dtmb/0,5552,7-358-82548\_21738\_31548---,00.html) identify the records that are maintained by government agencies. The Schedules define how long records need to be retained and specify when the records can be destroyed.