



Fairway Village Homeowners Association

Policy Number: 206.21 Title: Purchasing Policy & Procedures for Discretionary Expenses and Contracts

Rescissions of Policy:

This policy rescinds and supersedes all policies/motions approved on this subject prior to _____. Forms associated with this policy may be updated or changed as needed without revising, amending, or rescinding the policy.

Purpose:

This policy and related procedures provide uniform practices for the purchase of good and services FVHOA. It excludes the purchase of goods from wholesale vendors for resale by the Golf Shop.

Procedure:

This policy explains purchasing authority given to managers and staff by the Board of Directors. It does not detail the communications between managers and the Board of Directors to whom they report.

It is the responsibility of the Board of Directors (BOD), all employees and involved committees to follow the procedures set forth in this policy. It is also a responsibility of the Administrator to verify that all transactions, including those that require BOD approval, comply with the procedures in this policy and have been properly documented.

Overview:

Fairway Village operates on an annual budget, ratified by the residents, that appropriates line-item funds for normal operating expenses and selected planned projects. Additional discretionary funds may or may not be available for unbudgeted expenses, including equipment, major repair or replacement. Whether the source of funds is operating accounts or reserve accounts, there is no difference in purchasing policy or procedures.

During the budget preparation process, the BOD and managers shall consult with the appropriate committees in the development of all significant projects. During the budget expenditure year, the BOD and managers shall fully consult with the appropriate committee to develop and/or modify specific plans for approved projects. Unless cost overruns are experienced per this document, the Finance Committee does not need to be involved during the expenditure year.

Excluding approved budgeted normal and recurring operating expenses (e.g., utilities, payroll, insurance, taxes, etc.), all requests over \$10,000 require approval by the BOD. Unbudgeted purchase requests between \$1,001 and \$2,500 may be approved by the Board President and any other Director, with notification provided to the BOD. Unbudgeted purchase requests between \$2,501 and \$5,000 may be approved by the Board President and any two other Directors, with notification provided to the BOD. In addition, the purchase of any additional capital asset over \$35,000 must be approved by a vote of members consistent with the Bylaws.

Committee Limitations:

Committee communication with the Administrator or Director of Golf (hereafter referred to as the “managers”) is essential for effective conduct of Fairway Village business affairs. Committee members are not authorized to take any action that could imply obligation of any expenditure by Fairway Village, unless expressly authorized in writing the BOD or the manager. Committees may obtain a cost estimate for budget or planning purposes only through the appropriate manager.

Vendor/Contractor Selection:

- All contracts and agreements must be approved by the BOD and signed by the President and Secretary.
- A Request for Proposal form may be used.
- All vendors/contractors providing on-site services must supply evidence that they are bonded and licensed in Washington State. In addition, they must provide a certificate of insurance with a minimum of \$500,000 liability coverage per occurrence. For projects with an anticipated cost of \$15,000 or more, FVHOA must be named as an additional insured on the certificate of insurance.
- **Preferred Vendors** who continually provide the same goods and services to our satisfaction may be by the BOD upon recommendation by the managers. Preferred vendors may be used without having to obtain cost quotations for each purchase. Cost quotations from competitors on a significant purchase shall occur at least once every two years to validate and maintain preferred status. The appropriate manager will maintain a log of preferred vendors to track when those goods or services should be put out again to competitive bids. Recurring purchases should be analyzed to determine if quantity discounts can be obtained via annual agreements.

Budgeted And Unbudgeted Purchases – less than \$1,000

Managers and employees they authorize, may use their judgment to obtain goods and services, utilizing preferred vendors when possible.

Budgeted Purchases – goods & services over \$1,000 and projects under \$10,000

Managers have the authority to approve these purchases when utilizing a preferred vendor or when supported with three or more documented quotations from vendors. If the recommended vendor quotation exceeds the annual budgeted amount by more than 5%, the manager must follow the “Unbudgeted Purchase Requests” process.

Budgeted Purchases – projects over \$10,000

- The manager shall name a designated “project contact person”, which may be the manager, to assist in developing criteria for the work involved or the equipment to be purchased. If a committee is involved, they may recommend a candidate.
- A Request for Quotation with specifications or other performance criteria will be sent to qualified vendors. Competitive bids are preferred (up to three). After the manager and project contact person evaluate the vendor responses and review them for criteria compliance, a recommendation for purchase must be prepared by the manager with the involved committee (if any) on a Committee Expenditure Request form available on the FVHA website with supporting documentation from the appropriate committee (if any).
- If a budgeted project exceeds the approved budget amount by more than 10%, the request must first be reviewed by the Finance Committee to validate funds availability before forwarding to the BOD for approval.
- If the manager deems three competitive bids are unwarranted or unavailable (e.g., professional services, golf course equipment with only one local vendor, etc.), a sole source explanation (written preferred) must

accompany the request. Sole source vendors will also be tracked in the same manner as preferred vendors to assure the Association is using good stewardship and getting good value.

- For all equipment scheduled for replacement, a current condition report, including repair costs to extend usable life is also required.

Unbudgeted Purchase Requests between \$1,001 and \$5,000

It is preferred that any unbudgeted purchase requests in this category be supported by a recommendation/explanation from a manager. Unbudgeted purchase requests between \$1,001 and \$2,500 may be approved by the Board President and any other Director, with the BOD notified of such approval. Unbudgeted purchase requests between \$2,501 and \$5,000 may be approved by the Board President and any two other Directors with the BOD notified of such approval.

Unbudgeted Purchase Requests exceeding \$5,000

All unbudgeted purchase requests exceeding \$5,000 must be approved by the BOD, and must be supported by a recommendation prepared by the manager with supporting documentation from the appropriate committee (if any) (see Attachment B), with a single vendor bid or estimate attached. For purchase requests exceeding \$10,000, multiple vendor bids are encouraged, unless a single source is recommended by management, which must include the pertinent reasons. The request package is forwarded to the Finance Committee for confirmation of funds availability, and then is forwarded to the BOD for action.

Emergency Procedures

- The manager, or any involved employees, will take necessary action to assure the safety of persons and to avoid or reduce potential property damage.
- The Board President or Vice President will immediately be notified of any emergency action.
- The manager will provide a written report to the BOD with copies to the Finance Committee and any involved committee of the emergency actions taken.

Contract Change Orders

Managers may approve change orders that do not exceed the greater of \$1,000 or 10% of the original contract amount.

Fairway village credit card purchases

Staff use of Association credit cards is governed by Policy 207.19.

Other purchases – utilizing personal funds

Purchases by employees, individuals or committee members using their own personal funds, including credit cards, must be pre-authorized by the manager. Reimbursement request forms are available through the HOA website [Homeowner Reimbursement Request](#) or [Employee Reimbursement Request](#). Receipts, a description of the purchase and reason for need must be attached. The reimbursement must be approved by the manager.

Additional purchase considerations

- To minimize costs, any proposed purchase of service should also consider the use of employee or volunteer labor, unless the expenditure requires a specific licensed or specialized skill.
- To eliminate any potential conflict of interest, employees of FVHOA will not be considered as vendor sources. Managers and any vendor or service provider selected to provide goods or services to FVHOA shall maintain an “arm’s length” business relationship.


The Board of Directors is the only entity that can authorize purchases and has final authority over funding.

Approved and adopted by the Board of Directors at a regular meeting _____, when ___Directors were present. Yea ___ Nay ___ Abstentions ___

Click or tap to enter a date.

President: Lynn V. Williams

Secretary: Jan Wyninger


Lynn V. Williams (Feb 27, 2023 19:50 PST)

Lynn Williams
President

President 
Jan Wyninger (Feb 28, 2023 06:19 PST)

Jan Wyninger
Secretary

Addendum to Policy 100-7:

Purchasing Policy & Procedures for Discretionary Expenses and Contracts

This Addendum replaces and supersedes the Resolution of the Board of Directors creating an Addendum to Policy 100-7. That prior Resolution was approved June 18, 2014.

The Board of Directors authorizes the Activities Committee to proceed with events without submitting funding requests as long as:

- The total non-budgeted cost of the event will not exceed \$1,000.00 (any Activities Committee event costing more than \$1,000.00 of Activities Committee funds will need Board of Directors approval);
- Documentation of revenue and expenses is maintained, and properly processed through the bookkeeping system;
- Records are kept of each event (planning packets are available in the administrative office) that will support the expenses.
- Actions resulting in expenditures are noted in the minutes of a committee meeting, with votes in favor and opposed recorded.
- If the Activities Committee has exhausted its funds and needs additional funds from the Association’s operating funds, a request shall be made of the Board of Directors.

Approved and adopted by the Board of Directors at a regular meeting _____, when ___ Directors were present. Yea ___ Nay ___ Abstentions ___

Click or tap to enter a date.

President: Lynn V. Williams

Secretary: Jan Wyninger

X

Lynn Williams
President

X

Jan Wyninger
Secretary











206.21 Purchasing and Discretionary

Final Audit Report

2023-02-28

Created:	2023-02-27
By:	Dani Lacki (dani.lacki@ourfairwayvillage.org)
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