HO-CHUNK NATION CODE (HCC)
TITLE 5 – BUSINESS AND FINANCE CODE
SECTION 9 – MATERIALS MANAGEMENT POLICIES AND PROCEDURES MANUAL

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This Manual, the Finance Manual (5 HCC § 5,) and the Asset Management Policy Manual (5 HCC § 8), supersede the Nation's Property and Procurement Manual of 1992.

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1. **Authority**.

a. Article V, Section 2(a) of the Constitution grants the Legislature the power to make laws, including codes, ordinances, resolutions, and statutes.

b. Article V, Section 2(d) of the Constitution grants the Legislature the power to authorize expenditures by law and appropriate funds to the various Departments in an annual budget.

c. Article V, Section 2(f) of the Constitution grants the Legislature the power to set salaries, terms and conditions of employment for all governmental personnel.

d. Article V, Section 2(h) of the Constitution grants the Legislature the power to enact all laws prohibiting and regulating conduct and imposing penalties upon all persons within the jurisdiction of the Nation.

e. Article V, Section 2(l) of the Constitution grants the Legislature the power to manage, lease, permit, or otherwise deal with the Nation's lands, interests in lands or other assets.

f. The *Code of Ethics Act* (2 HCC § 1) establishes rules for the ethical conduct of elected and appointed officials or unclassified employees of the Nation.

g. Section 30 of the *Employment Relations Act* (6 HCC § 5) establishes rules for employee conduct.

h. The *Finance Manual* (5 HCC § 5) provides for uniform finance practices and procedures throughout the Ho-Chunk Nation in the use and management of the Nation's financial resources to ensure funds are used in a reasonable and prudent manner in the achievement of the desired goals and objectives of the Nation.

i. The *Asset Management Policies Manual* (5 HCC § 8) establishes asset management practices to provide the detailed policy and procedures to ensure the Nation's assets are properly managed and controlled, efficiently used, and protected from loss.

j. The *Tribal Employment Rights Ordinance* (TERO) requires employers doing business on or near land owned by the Ho-Chunk Nation to give preference to enrolled members of the Ho-Chunk Nation and other Indians in employment hiring, training, and promotion

2. **Purpose**. It is the intent of the Ho-Chunk Nation Legislature to establish uniform policies and standards to effectively coordinate the Nation's materials management functions. This Manual establishes standardized policies and procedures for the purchase, management, warehousing, and distribution of fixed assets and consumable supplies for the Ho-Chunk Nation. These include:

a. Processes that promote direct buy, bulk purchasing, and centralized purchasing systems to leverage purchasing power, eliminate duplication and conflicts of interest, and reduce costs to the Nation's governmental entities and business units.

b. Standards of inventory management that provide protection against loss due to improper handling or theft.

c. Uniform (standard operating) procedures for the management of products/ materials and services, including purchasing, that are consistent throughout the Nation's governmental entities and business units and are consistent with standard industry operating procedures and federal regulations.

CHAPTER II
ETHICAL PRACTICES

3. **Overview**. The Nation's suppliers, products, personnel, and services are a natural extension of its own resources. It is the responsibility of all employees to maintain the good name of the Nation, to develop and maintain good relations between the Nation and its suppliers, and to keep in mind that personal contacts form much of the basis for the supplier's opinion of the Nation. In personal contacts with suppliers (through purchasing, receiving, meetings, or other personal contacts), each employee represents the Nation and should reflect and represent the interests and needs of the Nation, setting aside a more parochial point of view.

4. **Ethical Practices and Guidelines**. The following guidelines represent standard materials management practices and are in compliance with the requirements of the Federal Office of Management and Budget and shall apply to employees of the Ho-Chunk Nation.

a. Avoid the appearance of unethical or uncompromising in relationships, actions, and communications.

b. Demonstrate loyalty to the Nation by diligently following the laws, codes, and ordinances of the Nation, using reasonable care and only the authority granted by the Nation.

c. Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the Nation.

d. Refrain from soliciting or accepting money, loans, credits, or personal discounts. Also refrain from the acceptance of gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence materials management decisions.

e. Handle information of a confidential or proprietary nature regarding the Nation and/or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.

f. Promote positive supplier relationships through courtesy and impartiality in all phases of materials management.

g. Refrain from reciprocal agreements that limit competition.

h. Know and obey the letter and spirit of laws governing materials management and remain alert to the legal ramifications of materials management decisions.

i. Encourage all segments of society to have the opportunity to participate by demonstrating support for small, disadvantaged, and minority-owned businesses.

j. Enhance the proficiency and stature of the materials management profession by seeking to continuously upgrade current technical knowledge and the highest standards of ethical behavior.

5. **Conflicts of Interests**. The following applies to all employees and officials of the Nation who participate in, or have influence over, any phase of materials management.

a. Employees engaged in, or having influence over, materials management are expected to be free of interests or relationships which are actually or potentially inimical or detrimental to the best interests of the Ho-Chunk Nation. Employees shall not engage or participate in any commercial transaction involving the Nation, its affiliates, divisions or subsidiaries in which they have an undisclosed financial interest.

b. Any employee engaged in, or having influence over, any materials management function that has assumed, or is about to assume, a financial or other outside business relationship that might involve a conflict of interest, must immediately inform their supervisor of the circumstances involved. This information is to be reviewed at an appropriate level for a decision on whether a conflict of interest is present and, if so, what course of action is to be taken. In this connection, a conflict of interest exists where an employee(s):

(1) Has an outside interest that materially encroaches on time or attention, which should be devoted to the affairs of the Ho-Chunk Nation.

(2) Has a direct or indirect interest in or relationship with an outside entity that is inherently unethical or that might be implied or construed to be unethical.

(3) Uses their ability to influence dealings to achieve personal gains.

(4) Renders partiality for personal reasons or otherwise inhibits the impartiality of their business judgment.

(5) Places themselves or the Nation in an equivocal, embarrassing or ethically questionable position.

(6) Discloses Tribal trade secrets or any other proprietary information to unauthorized persons.

c. Utilization of the approved/licensed vendor list is intended to eliminate undue influence of vendor sales representatives and to safeguard employees in instances where a vendor seeks to take advantage of situations involving friendship or other coercive postures (inclusive of kickback agreements). Additionally, in order to further minimize potential conflicts of interest, when major purchases are planned, detailed specifications must be developed and distributed to all potential bidders and the 3-Bid Process must be followed.

6. **Confidentiality**.

a. It is recognized that the transactions relating to materials management are confidential, especially with regard to the Nation's suppliers and competitors.

b. It is considered unethical and illegal, as well as damaging to the Nations competitive position, to allow proprietary information about one supplier's quotation to pass to another supplier. Some examples where care must be taken are telephone calls within hearing distance of a supplier, documents on desks during supplier interviews, and conversations between materials management staff within hearing of a supplier. An awareness of this type of situation should be created so that it may be avoided. Passing of pricing, technologic or strategic information from an employee of the Nation to an employee of a competitor is not only unethical, but is likely to be in violation of one or more laws and should be scrupulously avoided.

7. **Gifts and Gratuities**.

a. Policy.

(1) No employee of the Nation shall accept gifts, gratuities, personal loans, entertainment, or other special considerations from a subordinate employee or from an individual or business organization doing business with, or attempting to do business with, the Nation. (Personal loans from licensed financial institutions are exempt.)

(2) No employee shall permit any influence that could conflict with the best interest of the Nation, or prejudice the Nations reputation.

(3) Associations with supplier representatives at luncheons, dinners, or business organization meetings are helpful in establishing better business understanding and are neither questionable or unethical, provided the employee keeps himself or herself free of obligations.

(4) Any employee who is offered or receives a gift shall refuse it or return it to the giver in a tactful and dignified manner, advising the giver of the Nations policy prohibiting its acceptance.

(5) Any employee not complying with this policy shall be subjected to disciplinary action as follows:

(a) If an employee accepts an unsolicited gift (for their personal use) they will be suspended without pay for 3–5 days.

(b) If an employee solicits a gift of any value or accepts or solicits any money or coupons that can be redeemed for money, they will be terminated.

b. It is the responsibility of the Office of the President and the Director of Distribution Services to ensure that all personnel involved in materials management functions read and understand all relevant policy when first employed, and that all relevant policies are reviewed annually to ensure that their understanding is current and clear.

c. A letter outlining the gifts and gratuities policy will be issued annually by the Director of Distribution Services and distributed to all suppliers. Supervisors shall ensure conformity to this policy by insisting on compliance by their subordinates. The responsibility for adherence to this policy is a joint one. Individuals who represent the Nation must be beyond challenge or reproach in every business transaction and must not allow themselves to be put into a position where their judgment can be influenced.

8. **Enforcement and Penalties**. The penalties assigned the violations herein are mandatory and in addition to discipline administered under the Nation's *Employment Relations Act* (6 HCC § 5).

a. Enforcement and Imposition of Penalties.

(1) Executive Branch and Enterprises.

(a) Violations of this Manual by the President shall be deemed a violation of fiduciary responsibility and subject that official to sanctions under the Nation's *Code of Ethics Act* (2 HCC § 1).

(b) The President shall enforce the provisions of this Manual within the Executive Branch and enterprises and impose the penalties provided by paragraph b, below.

(2) Judiciary Branch.

(a) Violations of this Manual by the Chief Justice or an Associate Justice of

the Supreme Court or the Chief Judge or an Associate Judge of the Trial Court shall be deemed a violation of fiduciary responsibility and subject that official to sanctions under the Nation's *Code of Ethics Act* (2 HCC § 1).

(b) The Chief Justice for Supreme Court employees and the Chief Trial Judge for Trial Court employees shall enforce the provisions of this Manual and impose the penalties provided by paragraph b, below.

(3) Legislative Branch.

(a) Violations of this Manual by a Legislator shall be deemed a violation of fiduciary responsibility and subject that official to sanctions under the Nation's *Code of Ethics Act* (2 HCC § 1).

(b) The Vice President shall enforce the provisions of this Manual for employees within the Legislative Branch and impose the penalties provided by paragraph b, below.

b. Penalties.

(1) Executive Directors and Enterprise General Managers and their subordinate supervisors having responsibility for the stewardship, management and control of the Nation's financial and material resources shall be subject to the following penalties for violations of this Manual.

(a) For a first violation of this Act the individual shall be placed on probation and shall for procedural violations be required to take correction action within thirty (30) days of the notice of the violation and probation.

(b) If the violation has not been corrected within thirty (30) days or if there is a subsequent violation of this Act within ninety (90) days, the individual shall be terminated from that position.

(2) Employees of the government and enterprises other than those identified in paragraph (1), above, shall be subject to discipline, to include termination, as provided by the Nation's employment law.

c. Prosecution by the Attorney General.

(1) As legal counsel for the Nation, the Department of Justice shall prosecute all violations of this Act promptly whenever:

(a) On the basis of any information available to him or her, including receipt of information from any person, the Attorney General has reason to believe that any person is in violation of any provision of this Manual and the appropriate official has not the required disciplinary action; or

(b) The Chair of the Finance Committee requests prosecution after the Committee has conducted a preliminary inquiry and has reason to believe a violation of this Act has occurred and the required disciplinary action has not been taken.

(2) The Attorney General or his/her designee shall not exercise prosecutorial discretion.

(3) The Attorney General shall make an initial determination as to whether a conflict of interests exists in his or her prosecution of violations of this Manual, in writing to the Legislature, within ten (10) days after receiving information on an alleged violation as provided in paragraph c(1), above.

(4) Should the Legislature agree with the Attorney General that a conflict of interests exists, it may appoint special counsel for the purpose of prosecuting any violation of this Manual. Any funds appropriated for special counsel shall be paid out of the Department of Justice annual budget.

d. Additional Sanctions by the Trial Court.

(1) Any person found guilty of violating any provision of this Manual or failing to take appropriate disciplinary action for a subordinate's violation of this Manual may be fined up to $300.00 for each violation.

(2) Notwithstanding any other provision of this Manual, the Trial Court is hereby granted authority to order injunctive or declaratory relief against any person who violates any provision of this Manual.

(3) It shall be a criminal offense, which may be punishable by up to ninety (90) days in jail for any person who fails to comply with any order of the Trial Court issued pursuant to this Manual.

CHAPTER III
PURCHASING

9. **Scope**.

a. It is the individual responsibility of each employee involved in the purchasing process to understand the meaning and intent of this Manual. The fundamental purpose of this Manual, and the procedures herein outlined, is to provide a foundation for effective, consistent, and complete consideration of all aspects of the purchasing task. The expected result of the implementation of these procedures and this Manual is a positive, professional relationship between the Nation’s employees and the vendors who serve the Nation.

b. The procedures contained herein shall apply to all purchases of supplies, materials, equipment, and services (including repairs) that involve the revenues or budgets of the Nation's governmental entities and business units. This Manual supersedes any and all existing policies and procedures within the Nation's governmental entities and business units to the extent that they are inconsistent with this Manual. The only exception is that this Manual does not pre-empt the Nation's Gaming Ordinance or the Internal Control Standards Manual.

c. All of the Nation's governmental entities and business units shall use the Nation's Harris Data software system to place orders with the Nation's Distribution Center which is the exclusive centralized purchasing agency for the Nation. Any items bought without a purchase order by any of the Nation's governmental entities or business units shall be the financial responsibility of the person(s) having authorized the purchase.

10. **Product Standardization**. The Distribution Center has identified categories of goods and/or services that can be purchased at a discount in large quantities. The goods and services within these categories reflect common usage standards, fulfill common and basic operational needs within the governmental entities and business units, and have been identified as the most cost-effective. A listing of these goods and services is provided through the Distribution Center's product catalog.

11. **Bulk Purchasing**. In order to maximize the purchasing power of the Nation, bulk purchase agreements will be established with suppliers. The Distribution Center will work with all affected governmental entities and business units to gather the information necessary to develop these agreements, however, these agreements will be established by and through the Nation's Distribution Center. Some of the items that might be included in the development of these agreements are as follows:

a. Evaluating past purchases and forecasting future purchases.

b. Estimating yearly needs by item.

c. Preparing a formal bid package. This package will place items into product categories. Categories will be limited in size in order to allow small and minority businesses an opportunity to win a portion of the Nation's business.

d. Soliciting suppliers (based on the requirements of the vendor certification program) to bid.

e. Reviewing bids according to the 3-Bid Process.

f. Awarding bids to coincide with the Nation's fiscal year when possible.

12. **Special Considerations**.

a. All correspondence or personal contact with sales people and vendors is to be directed to the Distribution Center after any bid process is underway.

b. Contracts for services or long term purchase agreements should be sought for items that are routinely needed.

c. No item or service shall be purchased without a purchase order.

13. **Disclaimer for Purchases Made Improperly**.

a. Neither the Ho-Chunk Nation nor the Distribution Center shall be responsible for a purchase made by any employee who fails to follow the appropriate procedure for a particular purchase.

b. The Nation or the Distribution Center may disclaim responsibility and liability for any expenditure or agreement for an expenditure arising from a procurement of goods or services made in its name, in the name of any business unit under its fiscal authority, or by an unauthorized person or any person acting outside this Manual. The expense of any such disclaimed transaction will become the personal liability of the individual(s) who acted improperly.

14. **Employees Approved for Purchasing**. The Distribution Center will maintain a list (Signature Authority List) of employees that are authorized by their Executive Director or department head to requisition goods and services. Employees not on the list who request purchase orders will not be allowed to proceed until proper authorization is obtained. Executive Directors and department heads are responsible to keep their list updated and to inform the employees in their department who is authorized to process requisitions and at what level.

Authority	0 -- $499.99	0 -- $999.99	0 -- $10,000	0 -- $10,000 +
Division/Program Manager	X			
Non-Gaming Enterprise Manager	X			
General Manager – Bingo Hall		X		
General Manager / CFO – Casino			X	
Department Executive Director / Dir. of Dist. Svcs.				X

15. **Financial Limits**. The following requirements shall be adhered to in the purchasing process:

Amount	Requirements
Less than $500.00	Electronic or paper requisition and purchase order
$500.00 -- $2,499.99	Electronic or paper requisition, purchase order, and 3 telephone or written quotes
$2,500.00 - $4,999.99	Electronic or paper requisition, purchase order, and 3 written quotes
$5,000 or greater	Electronic or paper requisition, purchase order, and 3

	formal bids or proposals in response to a Request for Bids or Proposals
Quantities of 100 or more of any 1 item costing less than $500.00 each	Electronic or paper requisition, purchase order, and 3 telephone or written quotes

16. **Requisition/Supply Request Requirements**.

a. All purchase orders generated by the Distribution Center will require order entry into the Harris Data System by the governmental entity or business unit or a paper requisition from the requesting governmental entity or business unit. All requisitions submitted shall clearly describe and specify the goods and/or services desired in such a way as to permit unrestricted bidding and maximum opportunity to bidders.

b. Requisitions shall not be divided into smaller quantities of the same product or submitted on multiple requisitions to circumvent the required bidding thresholds in the purchasing process.

c. All purchases requiring a contract, all leases, and all capital expenditure purchases, irrespective of the dollar amount, shall require a formal bid process.

17. **Normal Purchasing Procedure**.

a. Determine Need for a Particular Item(s). Individual staff within the governmental entities or business units can determine the need for item(s).

b. Prepare Purchase Document. The purchase document, supply request or purchase requisition, should be prepared by the staff member who determined the need for the item, or the need should be brought to the attention of the individual assigned ordering/purchasing responsibility within the governmental entity or business unit or its requesting department.

c. Forward Purchase Document to Appropriate Supervisor, Manager, or Casino Department Director. The Purchase Document is to be reviewed to:

(1) Verify that the need is justified.

(2) Ensure that the requested expenditure is within the original intent of the budget as approved by the Legislature.

(3) Confirm the availability of funds in the budget line item. The individual authorizing and obligating the funds is responsible to verify fund availability per the Nation's *Budget and Appropriations Process Act* (2 HCC § 4).

(4) If the supervisor/manager does not have signature authority, he or she is responsible for reviewing the Purchase Document, initialing next to the requestor's signature, and forwarding it to the supervisor, manager, or director who has signature

authority. If the request is approved, the Purchase Document is signed. If the request is denied, the process is completed.

d. Order Product.

(1) Products are to be ordered through the Nation's Distribution Center via the Order Entry portion of the Nation's Harris Data Accounting System or by forwarding a paper requisition to the Nation's Distribution Center. The Distribution Center will order products based on the following supplier sequence:

(a) In-Stock Products.

(b) Approved/Licensed Vendors.

(c) New Vendors. If a governmental entity or business unit requests a purchase from a new vendor, the requestor must submit a written justification as to why and how this vendor will benefit the unit and the Nation.

(2) No products or services are to be purchased from those suppliers on the Nation's Black List (now part of the Vendor Classification List). All vendors supplying gaming specific supplies or where products are delivered directly to the gaming facilities must follow the licensing procedure established by the Nation's Gaming Commission.

e. Prepare Purchase Order. All purchase orders will be prepared by the Distribution Center. Prior to preparing a purchase order, the Distribution Center will verify that a valid purchase document has been received. If the requesting governmental entity or unit has ordered products that are in stock at the Distribution Center, no purchase order will be prepared.

f. Product(s) Received at or Delivered to Requesting Department.

(1) A packing list must be received with each order. The packing list and the products received are checked to verify that:

(a) The products delivered have been ordered. If the products were not ordered, the shipment shall be refused.

(b) The quantity of products received match the Packing List, the Purchase Document, and the Purchase Order, if applicable.

(c) The products are not damaged and all shortages are noted.

(2) If the shipment meets all the above requirements, the receiving Department should check off all the items received and sign the Packing List/Delivery Manifest. The signed Delivery Manifest and/or the packing list should be forwarded for payment.

g. Payment Procedures. In order to maintain positive vendor relationships, it is imperative that vendor invoices (bills) be processed promptly. It is equally important that the Nation take full advantage of all discounts offered for early payments. If early payment discounts are available, invoices should be submitted for payment to the Department of the Treasury (Treasury) within 24 hours. It is the responsibility of the Treasury to complete the payment process (generate the check, get signature, and mail the payment) so that the discounts can be taken. If early payment discounts are not available, invoices should be submitted to the Treasury at least two (2) weeks prior to the invoice due date. All payments will be handled as follows:

(1) The invoice is compared to the Packing List, Purchase Requisition, and the Purchase Order, if applicable.

(2) Any discrepancies should be noted and the vendor notified.

(3) The Disbursement Voucher should be prepared for the invoice.

h. Warranties. Where appropriate, warranty forms shall be maintained in a "warranty file" in the user's contractor Department.

18. **Sole Source Purchasing**.

a. Sole source purchasing may be used when:

(1) There is not a competitive alternative available; or

(2) It is necessary to access grant funding available as a result of the United States Federal Government's passage of the *American Recovery and Reinvestment Act of 2009*. Entities of the Nation who use the authorization contained in the preceding sentence shall develop a list of contractors or similar entities to use when seeking this grant funding. Unless the Legislature passes a Resolution extending the deadline, the authorization contained in this paragraph shall terminate one (1) year from March 3, 2009. If the Legislature passes a Resolution extending the deadline, the passage of the Resolution shall be notated in the Legislative History of the *Materials Management and Policies Procedures Manual* (5 HCC § 9).

b. Under sole source conditions, a complete detailed justification must be submitted with the purchase document.

19. **3-Bid Process**. Except for as provided for in Section 18, the 3-Bid Process shall apply to transactions on materials and/or services with an estimated unit price of $500 or more, items under $500 in quantities of 100 or more, all contracts and leases, and to all capital expenditure purchases.

a. The following factors in combination, not necessarily listed in their order of importance, must be considered in reviewing bids and awarding contracts:

(1) Pricing.

(2) Inclusion on the approved vendor list.

(3) Ability of bidder to render satisfactory service in this instance.

(4) Availability of bidder's representative to call upon and/or consult with requesting Department.

(5) Quality.

(6) Conformance to specifications.

b. The Nation reserves the right to reject any and all bids, to waive informalities, and to contract as the best interests of the Nation may require. This is to be clearly noted on all bid documents. The Nation's Distribution Center will, upon request, complete or coordinate 3-Bids for the Nation's governmental entities and business units. All 3-Bids will be reviewed by the Distribution Center, prior to purchase, to ensure conformance to requirements.

c. General Requirements. All requests for bids must adhere to the following:

(1) Standard Form. Bid requests should be typed, using a standard form whenever possible. Complete information should be provided including, but not limited to: quantity, description, delivery requirements, special conditions, drawings, specifications, date information is required, etc. If replies are to conform to a certain format, this should be specified. The requesting Department must be thorough and attempt to remove all known variables when developing their specifications.

(2) Number of Bidders. A minimum of three bidders is acceptable. In the case of proprietary items, more than one supplier is often not available and should be so noted on the Purchase Requisition. In addition, a written justification, not provided by the vendor, for a sole source purchase must be attached to the Purchase Requisition.

(3) Vendor List. Bids will be solicited only from the approved/licensed vendor list. If additional suppliers are necessary, research on other suppliers must be conducted to determine if they meet the requirements for inclusion on the list. If the purchase requires a vendor not on the approved/licensed vendor list, a detailed explanation justifying the addition of the vendor must be included with the purchase document. This explanation must include the benefit to the Nation by including this vendor.

(4) Technical Questions. The requisitioning Tribal entity should provide answers to technical questions arising during the bidding process. All bidders must be provided with the same information.

d. Review and Analysis of Bids. After all bids have been received and examined for conformance to specifications and completeness, a summary sheet will be prepared noting all the pertinent data and discrepancies. Those bids that are not in compliance with the stated specifications are eliminated from further consideration and are not included on the summary sheet. Determination of the award of the order will be made only after all aspects, including preference of the requisitioner, have been considered. When evaluating bids, the following must be considered:

(1) If the products offered by each of the bidding suppliers are of equal quality, the same delivery date, and, if there are no other considerations, the order goes to the low bidder. However, all these factors are seldom equal and many orders will therefore be placed with other than the low bidder for good reasons. In many cases the relative importance of delivery, quality, and price of bidding suppliers have already been established and documented on a prior order. If the information is current and relevant, use it as a basis for award. If the information is not current but is relevant, then update the information and use it as a basis for award. If the information is not relevant, then perform a weighted-point evaluation:

(a) Establish a point-count range for each factor that is important to the procurement, such as adherence to delivery schedule, action on delays, facilities to accomplish, financial strength, quality of work, cost breakdown, etc.

(b) Establish a relative-weight value for each of the factors in relationship to its individual importance to the procurement as a whole. For example, if there are only two factors to be considered and they are of equal importance, their relative weight value is 50% each.

(c) Evaluate each supplier bid, quotation, or proposal and assign a point count to it for each factor being considered.

(d) Multiply the supplier's individual factor point counts by the appropriate weighting factor and add the results to establish the supplier's weighted-point total.

(e) Use the results of the weighted-point evaluation in conjunction with other available information to make the award.

(2) Other factors may affect the decision as to which bidder receives the order. When present, they can be important. Some of the more common factors are:

(a) The Nation wishes to maintain alternative sources of supply. In these cases, the alternative supplier will usually be the second best option, determined by the method of evaluating bids. The use of alternative sources for this purpose and the volume of purchases to be procured from each supplier involved should be reviewed.

(b) If an order is being placed with a new supplier, the Nation may be reluctant to rely entirely on an untried supplier. The order may then be split between the

new supplier and a supplier previously used to assure that at least the minimum quantity required is available if the new supplier cannot deliver acceptable goods by the date required.

(c) Special consideration might be given to a local supplier to maintain community goodwill or to other Native, minority, or small businesses. However, their delivery schedule, quality, and price should be comparable to the best supplier.

(3) All the information gathered should be kept with the purchase order as backup documentation. In cases of bids for estimating purposes, a copy of each bid response is to be sent to the requisitioner along with the bid summary sheet.

e. Vendor Contact.

(1) The prices quoted or paid will not be revealed to any supplier at any time.

(2) In order to ensure that suppliers contacted have responded to a bid request, identify all suppliers solicited and responses.

(3) All unsuccessful bidders are to be notified that the bid has been closed and awarded. It is not necessary to note the name of the successful bidder.

(4) Unless a specific exception has been obtained, bids shall not be solicited from, nor any order placed with, a company not on the approved vendor list.

(5) No bid shall be solicited from or any orders placed with any company on the Nation's Black List.

20. **Special Purchasing**.

a. Emergency Procurement.

(1) By standard definition, an emergency is an unexpected, serious occurrence or situation urgently requiring prompt action. For the purpose of these procedures, an emergency shall be defined as when the lack of services or supplies will stop or hinder the operations of a government entity, business unit, or cause harm or injury to an individual Tribal member.

(2) Emergency procurement is not a substitute or an acceptable corrective action for poor planning.

b. Emergency Procurement of Services.

(1) A lack of electricity, heat, water, sanitation facilities, or the need for immediate repairs must be addressed as quickly as possible. In order to facilitate quick response to these situations, the Distribution Center, in conjunction with the Nation's

Departments of Business and Health and Social Services, will together, by area, bid repair services on a yearly basis. The areas have been identified as Black River Falls, Tomah, Wisconsin Dells/Baraboo, Wisconsin Rapids, and Wittenberg. Bids will be obtained from the following service provider classifications: Electricians, Plumbers, Heating Contractors, and General Contractors or other Repair Professionals (such as pool or farm equipment repair and/or maintenance). If possible, three vendors in each classification for each area will be chosen and will be prioritized by preferred use. Preferred use prioritization will be determined by cost, prearranged billing procedures, reputation, and past experience with the Nation.

(2) During normally scheduled work hours, use of emergency procurement of services should be at a minimum and reserved for critical situations that cannot be resolved through normal procedures. For critical situations after normal work hours and on weekends, each potentially affected governmental entity and business unit must develop an authorization procedure for the procurement of emergency services. This procedure must include the identification of those individuals who are authorized to approve the use of the emergency procedures. A copy of these procedures must be on file with the Office of the President, Department of the Treasury, and the Distribution Center.

c. Emergency Procurement of Supplies. During normal work hours, the emergency procurement of supplies should be minimal and should follow established procedures. In most cases, emergency supplies will be required by the Nation's staff to facilitate the repair of necessary services after normal work hours and on weekends. In these cases, procurement of emergency supplies must be from an approved/licensed vendor and should be addressed in the emergency procedures for services repair. Each governmental entity and business unit will establish procedures for the procurement of emergency supplies from approved/licensed vendors. A copy of these procedures must be on file with the Office of the President, the Department of the Treasury, and the Distribution Center.

d. Products for Re-Sale (Applied to Cost of Goods Sold Line Item).

(1) It will be the responsibility of the Department of Business Retail Group to establish procedures for the purchase of items for re-sale. These procedures are to be reviewed by the Director of Distribution Services to ensure conformance to the intent of the Nation's purchasing policies. This procedure is to be on file in the Department of Business and the Distribution Center.

(2) In addition, all contracts (or common purchases for all retail entities) for the retail group, including but not limited to fuel, cigarettes, and grocery items are subject to the 3-Bid Process. This process should be conducted by the Distribution Center and the Retail Group.

e. Food and Beverage Purchases.

(1) General.

(a) Items for food and beverage operations have been separated into two separate categories:

1 Supplies and equipment.

2 Perishable and non-perishable food products.

(b) All supplies and equipment are to be purchased according to the purchasing process outlined above. Food products are to be purchased from the Nation's approved contracted vendor(s).

(2) Food Products Vendor Bid Process. In addition to the requirements of the 3-Bid Process, the bid process will be conducted by the following group of representatives:

(a) The Director of Distribution Services.

(b) One (1) purchasing staff representative from each of the Nation's gaming enterprises.

(c) One (1) representative from each of the food and beverage operations.

(d) One (1) representative from the Retail Group.

(3) Food Products Order Process.

(a) The contracted vendor(s) will most likely offer "e" ordering. To insure effective cost controls, each governmental entity and business unit utilizing the contracted vendor(s) are required to forecast monthly usage (purchases), in dollars. This information is to be forwarded to the Distribution Center.

(b) An open purchase order, by month, will be provided to the contracted vendor(s) for each operation based on their forecasted monthly purchases.

f. Capital Expenditures. All purchases for products identified as a Capital item (in excess of $3,000) will follow the 3-Bid and the purchasing processes outlined in this Manual.

g. Contracts/Leases. Any purchase that requires a contract or lease will follow the 3-Bid and purchasing processes outlined in this Manual. In addition, the Nation has adopted a contract process that must also be followed for contract approval and signature.

h. Construction Projects.

(1) It is the policy of the Nation that all construction projects (new construction, building improvements – renovations to owned, leased, or rented buildings, and landscaping or land improvements) follow the 3-Bid and purchasing processes outlined in this manual. All contracts shall be in written form. Native American preference will be given to firms which have at least 51% ownership by a Native American(s), and/or where at least 50% of the firm's project work force is Native American. General and project subcontractors must:

(a) Be or become registered contractors of the Nation in compliance with the *Tribal Employment Rights Ordinance* (TERO).

(b) Follow the TERO Construction Guidelines.

(c) Attend one or more pre-construction meetings to comply with funding source and tribal regulations.

(d) Comply with the Nation's safety standards. See *Occupational Safety and Health Program Act* (6 HCC § 8).

(2) All approved contract awards shall be published in the tribal newsletter identifying the project, name of the contractor(s) and subcontractor(s), the projected time lines for completion, the dollar amount of the project, and the source(s) of funds used for the project.

(3) This policy applies to all work performed on tribal property and utilizing funds under the control of the Nation.

(4) Any construction project funded by an outside source must follow the requirements of the funding agency.

i. Purchases from Tribal Members. The Nation is committed to providing opportunities for its Tribal members. One such opportunity is the purchase of products from those members engaged in their own businesses. The member must own over 51% of the business and be actively involved in its operation. Although business profitability does not allow cost preference, the Distribution Center will work with each interested Tribal member business owner to help him or her achieve sales to the Nation. This may include assistance with bid preparation, offering smaller bid opportunities, or partnering with the Tribal member owned business.

j. Purchases from Tribal Employees. Any Tribal employee that owns and/or operates his or her own business is eligible to sell to the Nation unless they are in an appointed or elected position. No purchases can be made from elected or appointed officials as they are in a position to put undue influence on those employees involved in the purchasing function. In order to eliminate or minimize any conflicts of interest and undue influence on purchasing staff the following restrictions will apply to all purchases from Tribal employees:

(1) The Nation's Distribution Center must make any and all purchases from Tribal employees.

(2) All purchases from Tribal employees must be made through the 3-Bid Process no matter what the cost of the individual items (see above paragraph for Tribal member preference).

(3) Distribution Center employees are not eligible to sell to the Nation. Tribal employees selling to the Nation must follow all requirements of the Nation's *Employment Relations Act* (6 HCC § 5).

k. Real Property. Land purchases fall under very specific sets of federal regulations and the Nation's own internal processes. All purchases of land and existing businesses are under the control of the Nation's Legislature and are subject to the Legislature's internal processes, due diligence, land use plans, and zoning ordinances.

l. Computer Hardware, Software, and All Other IT Products. All Information Technology (IT) products must conform to the standards and criteria established by the Nation's Division of Management Information Systems (MIS).

m. Auditing of Purchases. The Distribution Center is subject to a quarterly audit of purchases by the Nation's Compliance Department and the Department of the Treasury to ensure adherence to the requirements of this Manual and other applicable Nation law. The Distribution Center will audit all other purchases.

CHAPTER IV
CONTRACT PROCESS

21. **Essential Steps**. This process has been developed to standardize the contracting process throughout the Nation and to assist governmental entity and business unit staff in the accurate and timely processing of contracts. The essential steps of the process are:

a. 3-Bid Process. Required by Tribal law for purchases in excess of $500 and all contracts.

b. Vendor Licensing. Required for purchases of gaming specific products and all purchases of services, construction, and advertising for the gaming facilities.

c. TERO and Safety Participation Where Required. Inclusion of TERO and Safety for construction projects and services performed on Tribal land.

d. Inclusion of Essential Staff. A system of communication in place to ensure that proper staff are aware of and notified of a contract and its progress through the system.

22. **Contract Process**. The contract process varies between the business units and the Nation's governmental entities. The table below details the process for each part of the Nation's structure.

Contract Process

Business Units	Governmental Entities
Need for Purchase Determined: The determination of product/service need (purchase) can be generated within the individual governmental entities and business units of the Nation, by a development project, by the Distribution Center, or through some other Tribal entity. Needs being addressed through the contract must be in the best interests of the Nation. Funds for the product/service must be available in an existing budget approved through the budget appropriations process prior to proceeding to the bid process.	Need for Purchase Determined: The determination of product/service need (purchase) can be generated within the individual governmental entities and business units of the Nation, by a development project, by the Distribution Center, or through some other Tribal entity. Needs being addressed through the contract must be in the best interests of the Nation. Funds for the product/service must be available in an existing budget approved through the budget appropriations process prior to proceeding to the bid process.
Bid Process: The Nation's laws require that any purchase of an item over $500 and any purchase requiring a contract or lease must follow the 3-Bid process. This also includes capital expenditures and construction projects with costs exceeding $500. Purchases of items in quantities exceeding 100 pieces must also be bid to ensure that the best total cost is being obtained. 3-Bids are most often conducted by the Nation's Distribution Center but this is not required if the 3-Bid Process is followed. The 3-Bid Process is detailed in Section 3 of this document.	Bid Process: The Nation's laws require that any purchase of an item over $500 and any purchase requiring a contract or lease must follow the 3-Bid process. This also includes capital expenditures and construction projects with costs exceeding $500. Purchases of items in quantities exceeding 100 pieces must also be bid to ensure that the best total cost is being obtained. 3-Bids are most often conducted by the Nation's Distribution Center but this is not required if the 3-Bid Process is followed. The 3-Bid Process is detailed in Section 3 of this document.
Service Provider Agreement and/or Contract Requested: Only after the bid has been awarded per the 3-Bid Process is the contract requested from the Vendor. All service contracts must also include a Service Provider Agreement.	Service Provider Agreement and/or Contract Requested: Only after the bid has been awarded per the 3-Bid Process is the contract requested from the Vendor. All service contracts must also include a Service Provider Agreement.

Business Units	Governmental Entities
Contract Review: When the contract is received, it is the responsibility of the Requestor and/or Requesting Department to ensure that: The vendor has signed the contract and, if required, the Nation's Service Provider Agreement. The contract matches the bid requirements and specifications. The contract is consistent with the standard form requirements and does not require the Nation to waive sovereign immunity, does not require arbitration, and that any and all disputes are to be decided in the Nations court system.	Contract Review: When the contract is received, it is the responsibility of the Requestor and/or Requesting Department to ensure that: The vendor has signed the contract and, if required, the Nation's Service Provider Agreement. The contract matches the bid requirements and specifications. The contract is consistent with the standard form requirements and does not require the Nation to waive sovereign immunity, does not require arbitration, and that any and all disputes are to be decided in the Nations court system.
Develop Contract Package: Each contract should fall into one of the following contract types: construction, services, products, advertising, or entertainment. Each contract type may require that different forms be included in the contract package. It is the responsibility of the Requestor, Requesting Department, or a Facility appointed individual to assemble the contract package according to the requirements of each contract type. The package must also include the bid request and the 3-Bid summary sheet.	Develop Contract Package: Each contract should fall into one of the following contract types: construction, services, products, advertising, or entertainment. Each contract type may require that different forms be included in the contract package. It is the responsibility of the Requestor, Requesting Department, or a Facility appointed individual to assemble the contract package according to the requirements of each contract type. The package must also include the bid request and the 3-Bid summary sheet.
Contract Package Reviews and Approvals: The governmental entity or facility department head and Executive Director or general manager are to review the package to ensure that it is complete prior to system entry.	Contract Package Reviews and Approvals: The governmental entity or facility department head and Executive Director or general manager are to review the package to ensure that it is complete prior to system entry.
System Entry: It is the responsibility of the responsibility of the originating governmental entity or facility to enter the contract information into the contract tracking system database. After entry, the package is forwarded to the Distribution Center.	System Entry: It is the responsibility of the responsibility of the originating governmental entity or facility to enter the contract information into the contract tracking system database. After entry, the package is forwarded to the Distribution Center.

Business Units	Governmental Entities
Distribution Center Review: The Distribution Center will verify the completeness of the package. At this time, the 3-Bid process is reviewed if the bid was completed by the Facility. The Distribution Center may also request additional information on the bids and/or bid process. If the bid is not within the bid process requirements, the Distribution Center will return the package to the facility for corrections. When the package is complete, the Distribution Center will sign the routing sheet and will forward the package to the Business Department and note the contracts movement in the tracking system. The Distribution Center will also notify TERO and Safety, where required, so that they may contact the vendors.	Distribution Center Review: The Distribution Center will verify the completeness of the package. At this time, the 3-Bid process is reviewed if the bid was completed by the governmental entity. The Distribution Center may also request additional information on the bids and/or bid process. If the bid is not within the bid process requirements, the Distribution Center will return the package to the governmental entity for corrections. When the package is complete, the Distribution Center will sign the routing sheet and will forward the package to the Justice Department and note the contracts movement in the tracking system. The Distribution Center will also notify TERO and Safety, where required, so that they may contact the vendors.
Business Department Package Review and Approval: The Business Department reviews the entire package. If complete and correct the routing sheet is signed and the package is forwarded to the Compliance Department. If not, it is returned to the Distribution Center. When forwarded, the contracts movement is noted in the tracking system.	Justice Review: The Department of Justice reviews the contract as to legal form. If acceptable, the Department of Justice signs the routing sheet and forwards the package to the Office of the President or the Vice-President requesting signature. The contracts movement is noted in the tracking system. If not complete, the package is returned to the Department of Justice.
Compliance Review: The Compliance Department reviews the package to ensure that the vendors are properly licensed, if required, and that the contract is within their requirements. If complete, the routing sheet is signed and the package is forwarded to the Department of Justice and the contracts movement is noted in the tracking system. If not complete, the package is returned to the Business Department.	Signature: All contracts are to be signed in accordance with Ho-Chunk law. When signed, the contract is returned to Justice and then to the Distribution Center. If signed, the contracts movement is noted in the tracking system.
Justice Review: The Department of Justice reviews the contract as to legal form. If acceptable, the Department of Justice signs the routing sheet and forwards the package to the Office of the President or the Vice-President requesting signature. The contracts movement is noted in the tracking system. If not complete, the package is returned to the Compliance Department.	Notification and Order: After receiving the signed contract, the Distribution Center will notify the requesting governmental entity or business unit. Only after receiving a signed contract through the above process will the Distribution Center issue a Purchase Order.
Signature: All contracts are to be signed in accordance with Ho-Chunk law. When signed, the contract is returned to Justice and then to the Distribution Center. If signed, the contracts movement is noted in the tracking system.	
Notification and Order:	

Business Units	Governmental Entities
After receiving the signed contract, the Distribution Center will notify the requesting governmental entity or business unit. Only after receiving a signed contract through the above process will the Distribution Center issue a Purchase Order.	

23. **Tracking System**. The contract tracking database was developed by the Nation's Department of Management Information Services (MIS). The purpose of the database is to provide information to the necessary departments and individuals regarding the current status of the contract. Each department in the process has an entry screen to ensure accurate tracking of the contract. Training is provided by MIS to those individuals required to make entries into the system and to those who use the database to track contracts. Security systems have been included to protect the integrity of the information.

24. **Form Requirements by Contract Type**.

Form	**Construction**	**Services**	**Products**	**Gaming Specific Products**	**Advertising**	**Entertainment**
Contract Routing Sheet	X	X	X	X	X	X
Service Provider Agreement	X	X			May be	May be
TERO Notification	X	X				
Safety Notification	X	X				

CHAPTER V
APPROVED VENDOR LIST/VENDOR CERTIFICATION

25. **General**. The Nation's Compliance Department, in conjunction with the Distribution Center, maintains an approved/licensed vendor list. The list of approved vendors has been developed, by the Distribution Center, the governmental entities, and the business units by evaluating past and current suppliers and rating their performance on cost, delivery, and quality of service and product(s). Licensing vendors is the responsibility of the Compliance Department and the Gaming Commission. New (potential) suppliers will be evaluated by their history of performance, reference checks, and through the information provided on the Vendor Certification Form. Every attempt will be made to include Tribal member owned businesses, other Native American owned businesses, TERO-Certified businesses, minority-owned businesses, and small businesses.

26. **Ratings**.

a. Suppliers are rated according to the following:

(1) Quality	20%
(2) Service	20%
(3) Total Cost	50%
(4) Leading Technology	10%

b. Total Cost is defined as the cost of the product plus the administrative cost of doing business with a specific supplier. The costs of such faults as late deliveries or back orders are to be qualified. The average administrative cost per order over the last year is to be added to the suppliers bid price.

c. It is critical to the competitive position of the Nation that suppliers provide products of the highest quality at the lowest total costs. In addition to the inconvenience and costs resulting from poor quality or improper delivery, such faulty supplier performance may result in lost sales or even lost customers. It is essential that supplier performance be measured on a continual basis and that the placement of orders with any supplier must be contingent on superior performance.

27. **Performance Criteria**. It will be the responsibility of the Distribution Center to track, on an order-by-order basis through the Harris Data System, the following supplier performance criteria:

a. Quality. The percentage of items rejected shall be recorded for each order. Rejects in excess of 1% shall result in a conference with the supplier to remedy the situation.

b. Complete Order Delivery. Each back order shall be recorded against the record of the supplier. Since back orders cost the Nation an amount approximately equal to that of an original order, this performance record can be used as a means of adjusting suppliers bid prices to reflect the additional administrative costs associated with doing business with a supplier who habitually does not ship complete orders.

c. Late Deliveries. Each order delivered later than the specific day promised shall be recorded against the record of the supplier. Suppliers who are habitually late with deliveries should be counseled as to the necessity to abide by the Nation's need dates, and should be replaced if they are unable to improve.

28. **Vendor Classifications**. Suppliers will be ranked according to the following classifications:

a. Certified. Suppliers whose performance in all measured areas has met or exceeded the Nations expectations for one year or more.

b. Accredited. Suppliers who have had exemplary performance in all measured areas, but for less than one year.

c. Qualified.

(1) Suppliers whose performance has been superior in most ways, but who need improvement in specific areas.

(2) Suppliers whose performance in all measured areas is superior, but for less than six months.

d. Probationary.

(1) Suppliers new to the Nation whose processes have been evaluated and accepted as adequate but whose performance has not been proven. If performance is superior after the first two (2) months, the supplier will be moved to Qualified Status.

(2) Suppliers new to the Nation whose processes have not yet been evaluated

(3) Suppliers who have intentionally overcharged the Nation but refunded the difference when confronted with the situation. If the overcharging occurs more than once, the supplier will be Black Listed.

(4) Suppliers who have performed poor quality work, not meeting specifications, but have willingly repaired the work when the defects were brought to their attention. If the situation occurs more than once, the supplier will be Black Listed.

(5) Suppliers who have provided poor quality products, or have falsely advertised products, but have willingly replaced the products or made good on the advertised products. If the situation occurs more than once, the supplier will be Black listed.

e. Black Listed. The Nation has identified certain actions as unacceptable. If a supplier commits one of these actions, they will be black listed (unable to sell to the Nation) pending either an investigation (not to exceed 30 days) or a negotiated settlement. The Distribution Center may request the assistance of the Nation's Compliance Department and/or Department of Justice with investigations and negotiations. The Distribution Center will accept recommendations, in the form of Incident Reports, from the Nation's governmental entities and business units for the Black Listing of a Vendor. The unacceptable actions include:

(1) Overcharging the Nation and not refunding the difference.

(2) Sending products without orders.

(3) Performing poor quality work and being unwilling to make the necessary corrections.

(4) Providing poor quality products or falsely advertising products and being unwilling to accept the products return or make good on the advertised products.

(5) Violations of contract terms.

(6) Threatening or harassing of staff.

(7) Offering gifts/gratuities, or coupons for gifts/gratuities, of any value.

(8) Offering money, or coupons that can be exchanged for money, of any amount.

Should any supplier commit an action in reference to paragraphs (5), (6), (7) or (8), above; and the actions are verified through investigation, the supplier will be permanently Black Listed.

29. **Performance Monitoring**.

a. Since it is possible for a supplier to lose its status, ongoing performance monitoring is essential. Particular attention should be paid to all suppliers who have undergone recent ownership changes. Frequently, suppliers who have experienced mergers, takeovers, or leveraged buy-outs change operating procedures or management philosophy. For these reasons, such suppliers require close monitoring.

b. The Distribution Center will solicit useful and constructive evaluations of supplier performance from all governmental entities and business units. Performance of all major suppliers will be reviewed quarterly. The results of these evaluations, both positive and those needing improvement, shall be shared with the suppliers.

CHAPTER VI
INVENTORY MANAGEMENT AND CONTROL

30. **Effective Management**. Inventory is an expensive resource representing real dollars and is essential to the operations of the Nation's governmental entities and business units. Effective inventory management and control depends on unified action and on the willingness of all the business units to work together toward what is best for the Nation. The Nation must not over invest in inventory yet cannot ignore the functions inventory serves and the factors that make it highly desirable to maintain.

31. **Strategic Role of Inventory**. Governmental operations and businesses need inventory, although, the degree of need can differ greatly, according to the particular business environment. Four (4) factors can be used to characterize the inventory need:

a. Unpredictability. Nothing is known for certain, nor can it be 100% accurately forecasted, least of all demand. It is wise to maintain some safety stock to protect against variable delivery times, which may be caused by supplier disruption.

b. Time. In addition to guarding against unpredictability, inventory saves time, which is valuable to customers. Inventory reduces and/or eliminates lengthy lead times.

c. Dependency. Although it appears that this function is hardly different from guarding against unpredictability or saving lead-time, the difference lies in the ability of inventory to act as a buffer between the supply and demand of activities and to help organize each function in the most economical way.

d. Certain Economic Realities. Other factors that affect inventory can be:

(1) The size of an order, and therefore the size of the resulting inventory, may be influenced by pricing and the quantity of discounts being offered.

(2) During periods of price escalation, it may prove wise to buy materials in larger quantities at current prices.

(3) The high fixed cost of delivery might dictate larger single purchases to spread these costs among more units.

32. **Financial Implications**. The financial implications of carrying inventory are demonstrated by examining the impact of inventory on financial statements. The balance sheet and income statements are directly affected by inventory. As an asset, inventory has a direct impact on return on assets as well as the current ratio. As cost of sales or cost of goods sold, inventory impacts profitability. Managing inventory and maximizing cost savings directly impacts the Nation's cash flow.

33. **Inventory Accuracy**. Variances in excess of +/- 2% will be noted and a report forwarded to the Distribution Center that will include solutions developed to correct problems. In the case of the Distribution Center, variance information will be forwarded to the Treasurer. The Nation’s Compliance Department will investigate reoccurring problems.

34. **Distribution Center Inventory Counts**. Cycle counts of inventory stored at the Nation’s Distribution Center will be conducted monthly. These counts will concentrate on the top 20% of products accounting for 80% of total sales and on those products most susceptible to theft, i.e., batteries and videotapes. In addition, a full physical inventory will be conducted semi-annually.

35. **Government and Business Inventory Counts**. All expendable/operational supplies are to be inventoried at least monthly by each governmental and business entity of the Nation. Maintenance of these inventories will provide budgetary controls and eliminate unnecessary purchases.

36. **Business Units - Products Carried as a Cost of Goods Sold**. The Retail group is responsible for the development, implementation, and maintenance of an inventory policy. At a minimum, a physical inventory of all items for re-sale (cost of goods sold as line items) must be conducted monthly and the results forwarded to the Retail Manager and to the Department of the Treasury. Tobacco products are to be counted weekly and the results forwarded to the Retail Manager and the Department of the Treasury.

37. **Stock-Outs and Backorders**. The cause of all stock-outs and backorders must be identified to ensure customer satisfaction and the accuracy of the inventory and ordering systems. Records will be maintained to evaluate the performance of established policies.

38. **Controlling Losses**.

a. Five critical areas must be addressed in developing an effective loss control program. These areas are:

(1) Personnel safety and health.

(2) Fire prevention and protection.

(3) Theft and pilferage.

(4) Product damage and contamination.

(5) Storing and handling of hazardous materials.

b. Each governmental entity and business unit must develop a loss control program.

CHAPTER VII
WAREHOUSING AND DISTRIBUTION

39. **Warehouse Operations**. Warehouse operations exist in a dynamic environment. The continual demands for greater product proliferation and better customer service have combined to create warehousing conditions and requirements that rarely remain constant for very long periods of time. Warehouse management is a series of critical interactions among the warehouses' managers, workers, and users.

40. **Inventory System**. Successful warehouse management is highly dependent on the availability of up-to-date information for strategic planning and for effective day-to-day operational decision making. Management must have accurate information regarding inventory levels, stock location and a wide range of customer history and billing activity.

41. **Receiving**.

a. Receiving is responsible for getting materials ready to become part of the warehouse system. The receiving function is the information transfer link to accounting, purchasing, quality assurance, and other important functional areas. It is receiving that is responsible for changing the status of materials and for moving this merchandise from outside of the warehouse to positions inside the warehouse system.

b. The objectives of the receiving function are to transfer the control of materials from the transportation company or vendor to the warehouse control system and to prepare the merchandise for storage. The basic receiving activities are as follows:

(1) Arrival of shipment.

(2) The shipping manifest is checked to insure that the merchandise has been ordered and has been delivered to the correct location. (If the merchandise has not been ordered or has been sent to the wrong location, the shipment is refused.)

(3) The shipper prepares the truck for unloading.

(4) The merchandise is unloaded and placed in the receiving area.

(5) The Packing List/Shipper is checked to verify that all merchandise has been delivered. (Arrangements should be made with all vendors for a box count only at this point. Any shortages or damages should be noted on the shipper's paper work.)

(6) The shipment is noted in the Receiving Log.

(7) The shipment is unpacked and each item is compared to the Packing List/Shipper and the Purchase Order. All discrepancies (damage, shortages, and overages) are noted and the vendor notified.

(8) The paperwork is then distributed as follows:

(a) The vendor Packing List/Shipper and a copy of the Purchase Order, with the merchandised received noted, is given to the person responsible for the computer inventory of receipts.

(b) The same documents are then forwarded to the Billing/Data Entry personnel for verification upon receipt of the vendor invoice.

42. **Put-Away**. Storage is a major function in a warehouse. Storage involves the planned interaction of people, material handling equipment, and the merchandise to be stored. The term *storage* is used to refer to holding, controlling, and protecting materials. Effective control involves:

a. Properly storing the materials to ensure efficient use of space, protection of the product, and adequate accessibility to the product.

b. Tracking the location of materials at all times.

c. Maintaining accurate inventory records for the stored units until they are released for shipment.

43. **Order Fulfillment Procedure**.

a. The primary reason a warehouse exists is to get the merchandise into the hands of its customers, whether internal or external. If the merchandise cannot be extracted from storage and transferred to the customer, then customer requirements will not be satisfied.

b. To achieve the high levels of performance required to avoid delays and errors in filling orders, the order picking process must be continuously planned. A number of guidelines assist in maintaining an effective picking system:

(1) Pick more than one (1) order at a time.

(2) Assign picking locations according to Pareto's Law (20% of stock accounts for 80% of sales).

(3) Order picking performance reporting system.

44. **Shipping and Delivery**.

a. The primary objective of the shipping function is to efficiently and accurately transfer control of merchandise from the warehouse to its customers in good condition and on a timely basis.

b. Like receiving, shipping is composed of a series of basic activities:

(1) Accumulate and pack the order.

(2) Check and stage the customer order.

(3) Reconcile the Packing Slips, Shipping Manifest, and the Orders Loading.

(4) Record-keeping activity.

c. Deviations of actual performance from the acceptable performance standards indicate the need for management actions aimed at eliminating the causes of the deviations.

(1) Proper handling.

(2) Accountability for the merchandise shipped.

(3) Invoicing and other fiscal responsibilities.

(4) Customer relations.

45. **Controlling Losses**.

a. The term loss refers to any unplanned or unexpected expense that is the result of accident, fire, theft, inventory damage, or spills of materials requiring cleanup and recovery. The planning and the management action required to avoid or minimize losses is called "loss control." Warehouse loss control is approached from both a planning and a regulatory perspective.

b. The planning perspective of loss control is on the limitation of losses by anticipating their causes. By making loss control an integral part of the warehouse planning process, losses can be minimized. The regulatory perspective of loss control is on compliance with established industry regulations as a way to minimize losses.

c. Five critical areas must be addressed in developing an effective warehouse loss control program. These areas are:

(1) Personnel safety and health.

(2) Fire prevention and protection.

(3) Theft and pilferage.

(4) Product damage and contamination.

(5) Storing and handling of hazardous materials.

CHAPTER VIII
DEFINITIONS

46. **Definitions**.

a. "ABC Analysis" means classification of inventory items in decreasing order of annual dollar volume or other criteria such as criticality. This array is then normally split into three classes, called A, B, and C. Frequently this distribution approximates the following: A items, 10% of items held in inventory, but 70% of inventory dollars; B items, 20% of both items and dollars; and C items, 70% of items but only 10% of inventory investment. Class A contains the items with the highest annual dollar volume and that receives the most attention. Class B items receive less attention, and Class C, which contains the low-dollar volume items, is controlled routinely. Typically, A items are cycle counted once each month, B items once per quarter, and C items annually. The

ABC principle is that effort saved through relaxed controls on low-value items will be applied to improve control of high-value items. An ABC Analysis allows the prioritization of effort. The ABC principle is applicable to inventories, purchasing, sales, and many other managerial areas.

b. "Accrued Expenditures" mean the charges incurred during a given period requiring the provision of funds for:

(1) Goods and other tangible property received;

(2) Services performed by employees, contractors, subgrantees, subcontractors, and other payees; and

(3) Other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims, and other benefit payments.

c. "Accrued Income" means the sum of:

(1) Earnings during a given period from services performed by the grantee and goods and other tangible property delivered to purchasers, and

(2) Amounts becoming owed to the grantee for which no current services or performance is required by the grantee.

d. "Acknowledgment" means a form used by a supplier to advise a purchaser that his or her order has been received. It may constitute acceptance of the order.

e. "Acquisition Cost" means the net invoice unit price of the property including the cost of modifications, attachments, accessories, or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired.

f. "Administrative Lead-Time" means the time interval between the initiation of a requisition and the placement of an order.

g. "Administrative Requirements" mean those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records. These are distinguished from programmatic requirements, which concern matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program.

h. "Agent" means one who is legally empowered to act for another. The agent acts for his or her principal. The agent can legally bind the principal to a contract. An agent may have broad or very limited power, depending upon the wishes of the principal.

i. "As Is" is a term indicating that goods offered for sale are without warranty or guarantee. The purchaser has no recourse on the seller for the quality or condition of the goods.

j. "Awarding Agency" means, with respect to a grant, the Federal or state agency, or, with respect to a subgrant, the party that awarded the subgrant.

k. "Backorder" means any past-due, unfilled portion of an order. A Backorder may be for part of the quantity of any line item ordered or for an entire line item not delivered with the majority of the shipment. Backorders typically result from supplier inventory stock-outs.

l. "Bar Code" means a series of alternating bars and spaces printed or stamped on parts, containers, labels, or other media containing encoded information that can be read by electronic readers. It is used to facilitate timely and accurate input of data to a computer system. Typical applications range from inventory control to grocery store check stands.

m. "Bid" means a quotation given to a prospective purchaser upon his or her request, usually in competition with other suppliers. It is an offer to sell specific goods to a particular buyer at a specified price.

n. "Bill of Lading (B/L)" means a shipper's receipt for goods. The contract between the shipper and the carrier by which the carrier agrees to transport goods from one place to another and to deliver to a designated destination, under the conditions stated therein.

o. "Bill of Sale" means a written agreement under the terms of which the title of interest in a specific item or items is transferred by the seller to the Buyer.

p. "Blanket Order" means an agreement whose purpose is to attack the small-order problem and to make more convenient for users the acquisition of small-dollar-value products. Typically this sort of agreement is made between a local supplier and the buying firm to cover products whose needs are immediate and whose uses are sporadic and unpredictable. Typically, blanket orders are issued monthly for limited cumulative dollar value.

q. "Boilerplate" is a term used to describe the standard terms and conditions on a purchase or other contract document.

r. "Break Bulk" means to separate a composite load into individual shipments that are routed to different destinations.

s. "Buyer" means an individual whose functions may include supplier selection, negotiation, order placement, follow-up, measurement and control of supplier performance, value analysis, evaluation of new materials and processes, etc. In some

companies, the functions of order releasing against already existing contracts and supplier follow-up are handled by a Buyer.

t. "Buyer's Option" means the right to buy a commodity or merchandise, or other property within a given period of time, usually at a price and under conditions agreed upon in advance of the actual sale. A seller usually requires a prospective buyer to pay for an option. If the buyer elects not to exercise the option, the option fee is usually forfeited.

u. "Cancellation Charges" mean a fee charged by a seller to cover his or her costs associated with a customer cancellation of an order. If, for example, the seller has started any engineering work, purchased raw materials, or started any manufacturing operations; these changes could be included in the cancellation charge.

v. "Carrying Costs" mean those costs that are incurred by acquiring, transporting, holding, and issuing inventories. The largest elements of inventory carrying cost are the cost of money invested in inventory; direct labor costs; facility costs, including building and material handling equipment; variable costs such as electricity, taxes, and insurance; and inventory tracking costs such as computer and operator time.

w. "Cash Contribution" means the grantee's cash outlay, including the outlay of money contributed to the grantee or subgrantee by other public agencies and institutions, and private organizations and individuals.

x. "Certificate of Compliance" means a supplier certification stating that the supplies of services in question meet certain specified requirements.

y. "Change Order" means a formal notification to a supplier that a previous purchase order or contract must be changed in some form. This can result from changes in such things as quantity, due date, or specification.

z. "Confirming Order" means a confirmation of an already existing contract, usually made verbally by the Buyer and seller by phone. The purchase order form is often used for this purpose, but should clearly state the confirmation of the already existing contract made between (name of Buyer) and (name of seller) on (date) at (time), or words to that effect.

aa. "Consignee" means the person or organization to whom a carrier is directed to deliver a shipment. Such person or organization is generally the Buyer of the goods being shipped and is called a "consignee" on a bill of lading. The inbound receiver.

bb. "Consignment" means goods shipped for future sale or other purpose, with title remaining with the shipper or consignor. The receiver (consignee), upon his or her acceptance, is accountable for the consigned goods although he or she does not pay for them until a later date. Consigned goods are a part of the consignor inventory until sold. The consignee may be the eventual purchaser, may act as the agent through whom the

sale is made, or may otherwise dispose of the goods in accordance with his agreement with the consignor.

cc. "Consignor" means the person or organization that delivers freight to a carrier for shipment is called a "consignor" or shipper.

dd. "Contract" means a deliberate agreement, constituting an offer and an unconditional acceptance, between two or more competent persons or organizations to perform or not to perform a specific act or acts. A contract may be verbal or written. An offer, conveyed by a purchase order, when accepted by a supplier, becomes a contract. Similarly, a supplier offer becomes a contract when accepted by the Buyer. Acceptance may be either in writing or by performance, unless the offer requires that acceptance be in writing.

ee. "Cost Sharing or Matching" means the value of the third party in-kind contributions and the portion of the costs of a federally assisted project or program not borne by the Federal Government.

ff. "Cost-Type Contract" means that the contractor or subcontractor is paid on the basis of the costs it incurs, with or without a fee.

gg. "Discount" means an allowance or deduction granted by the seller to the Buyer that reduces the price of goods purchased. Such reductions are typically associated with reduced costs to the seller of doing business. Volume discounts that reflect either production or handling economies of scale or full utilization of transport equipment are examples.

hh. "Distributor" means a firm that buys products from manufacturers in large quantities and sells them to customers in smaller lots. The distributor usually maintains inventories of finished goods and often offers service and repair parts for the products being sold.

ii. "Economic Order Quantity (EOQ)" means the purchase quantity that represents the lowest total of the combination of inventory carrying cost plus ordering cost. The purchase quantity when ordering costs and inventory carrying costs are equal.

jj. "Employee" means any individual employed by the Ho-Chunk Nation, regardless of the source of the funds by which the employee is paid. See paragraph 7o, *Employment Relations Act* (6 HCC § 5) for a classification of employees.

kk. "Equipment" means any tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of more than $1,000. (All purchases of non-expendable supplies exceeding $500.00 must be tagged and inventoried.)

ll. "Expediting" means i) the processing of RUSH orders that are needed in less than normal lead time, ii) the follow-up activity for orders that are overdue, or iii) checking on important orders to determine status and progress, even though those orders may not be scheduled to ship for some time.

mm. "Expendable Personal Property" means property, materials, and/or supplies that has a low dollar value and is generally consumed in the performance of the program activities or is incorporated into some end product. The cost of expendable property is charged against the program as an expense on receipt of the item.

nn. "FOB (Free on Board)" means a delivery term under which the seller must, at his or her risk and expense, place the goods in possession of the carrier (FOB the place of shipment). Alternately, seller must, at his or her risk and expense, transport the goods to the place of destination (FOB destination). If under either of the above, the term is also FOB vessel, car, or other vehicle, the seller must load the goods on board at his or her own expense and risk. If the term is FOB vessel, the Buyer must name the vessel. The stated FOB point is usually the location where title to the goods passes from the seller to the Buyer. The seller is liable for transportation charges and the risks of loss or damage to the goods up to the point when title passes to the Buyer. The Buyer is liable for such charges and risks after passing of title.

oo. "Gift" means something bestowed or given voluntarily and without compensation or future expectations.

pp. "Gratuity" means a favor or gift, usually in the form of money, given in return for special considerations.

qq. "Hedge" means, in purchasing, any purchase/sale transaction having the elimination of the negative aspects of price fluctuations. Also, means inventory-building actions taken by the purchasing organization for protection from supply constrictions.

rr. "Hundredweight (CWT)" means, in United States measurement and in domestic truck or rail freight, 100 pounds. Freight rates are usually denoted in cents per CWT.

ss. "Inventory" means the amount of property on hand at any given time, or an itemized listing thereof. A "physical inventory" is one determined by actual physical count of the items. A "book inventory" is one determined from records maintained in connection with day-to-day business activities.

tt. "Inventory Control" means the activities and techniques involved with receiving, tracking and control, care and maintenance, and issuance of inventories.

uu. "Inventory Turnover" means number of times, on average, that each item in inventory cycles, or is issued and replaced during a year. A common way to compute inventory turnover is to divide the total annual value of all inventory issues by the current inventory value. For example, if total value of issues for the entire year were $10 million

and the value of the inventory, as determined by year-end count, were $2 million, then the inventory turnover would be five times. This means that, on average, each item in inventory would have been issues and replaced five times during the year.

vv. "Invitation to Bid" means a request, verbal or written, that is made to prospective suppliers for their quotation or offer to sell goods or services desired by the purchaser. Also known as Requests for Quotation.

ww. "Invoice" means a document showing the characteristics, specifications, quantity, price, terms, nature of delivery, and other particulars of goods sold or of services rendered, i.e., a bill.

xx. "Issue" means the physical disbursement of items from inventory.

yy. "Just-In-Time (JIT)" means the purchase and movement of material at the necessary place at the necessary time. Benefits of the implementation of JIT include the elimination of all unnecessary inventories, less space required (less inventory storage), and lower costs (less investment in unnecessary inventory).

zz. "Known Damage" means damage discovered before or at the time of delivery of a shipment.

aaa. "L & D" means loss and damage.

bbb. "L.C.L" means less than carload, or sometimes less than containerload.

ccc. "L.T.L" means less than truckload.

ddd. "Lead Time" means a span of time required to perform an activity. In a logistics context, it is the time between recognition of the need for a product or service and its receipt. Individual elements of lead time can include: order preparation time, order transmittal time, queue time, manufacturing or order preparation time, transportation time, receiving time, and inspection time. In other words, purchasing, manufacturing, transportation, receiving, and quality inspection are individual lead-time activities.

eee. "Learning Curve" means a graphic representation of the fact that, in repetitive activities, there is a constant and predictable rate of productivity improvement each time the activity is repeated.

fff. "Lease" means a contract conveying from one person or business entity (lessor) to another (lessee) real estate or personal property for a specific term in return for a specified rent or other compensation.

ggg. "Maintenance Repair and Operating Supplies (MRO)" means items used in support of general operations and maintenance, such as office supplies, electrical parts and supplies, and janitorial supplies.

hhh. "National Motor Freight Classification (N.M.F.C.)" means an index or list of thousands of articles that groups or classifies commodities for the purpose of applying rates or charges.

iii. "Non-expendable Personal Property" means items of a high dollar value and of a durable nature with an expected lifetime more than one year. Such items retain their identity throughout their useful life. These items are usually carried as capital (depreciable) assets in the records until disposed of through transfer, sale, or other means.

jjj. "Obligations" mean the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment during the same or a future period.

kkk. "Open Order" means an order that has been placed with the supplier or that has been released but that has not been completed or received. All customer order received but not yet shipped.

lll. "Order Point (Reorder Point)" means a predetermined inventory level that triggers a stock replenishment order. If the total of stock on-hand plus on-order falls to or below that point, action is taken to replenish the inventory. The order point is normally calculated as forecast usage during the replenishment lead time plus safety stock.

mmm. "Ordering Cost" means costs associated with requisitioning, ordering, receiving, inspecting, and paying for needed goods or services. Acquisition transaction cost. It is used in calculating economic order quantities.

nnn. "Packing List (Packing Slip)" means the document supplied by the shipper or supplier that itemizes details of contents of a particular package or shipment. Details typically include item description, part number, and quantity for each item in the shipment.

ooo. "Pallet" means a platform (usually of wood or heavy cardboard) on which a number of packages or pieces may be loaded to facilitate handling by a lift truck or other material-handling equipment.

ppp. "Paperless Purchasing" means a computerized purchasing system that does away with hard copy (paper) purchase requisitions and purchase orders. Instead, the computer screen is used to transmit information regarding purchase transactions to all company functions or activities such as Receiving or Accounts Payable, which must be advised. All records of each transaction are maintained in the computer database, rather than on hard copy.

qqq. "Partial Order" means quantities shipped to the Buyer that are less than those ordered.

rrr. "Past Due" means an order that has not been received by the date scheduled or due, i.e., delinquent.

sss. "Payment Terms" mean the terms under which Buyer will pay seller for purchases. Payment terms may range from cash-in-advance to open account with extended payment terms such as payment 120 days from date of purchase. A common term is 2/10, N/30: 2% may be deducted from the face amount of the invoice if paid within 10 days, or the invoice must be paid in full in 30 days.

ttt. "Percentage of Completion Method" means a system under which payments are made for construction or other work according to the percentage of completion of the work, rather than to the costs incurred.

uuu. "Periodic Inventory (Cycle Count)" means a physical inventory taken at some recurring interval such as monthly, quarterly, or annually. Often, "A" inventory items are cycle counted monthly, "B" items quarterly, and "C" items annually.

vvv. "Personal Property" means any property other than real property - includes equipment, materials and supplies.

www. "Prior Approval" means documentation evidencing consent prior to incurring specific cost.

xxx. "Physical Inventory" means the determination of actual inventory quantities by physical count. Physical inventories can be taken on a continuous, periodic, or annual basis.

yyy. "Policies" mean definitive statements of what should be done.

zzz. "Procedures" mean approved methods of conducting business affairs, i.e., how to accomplish tasks.

aaaa. "Purchase Order (PO)" means the primary written communication tool between Buyer and supplier. PO's are frequently used to convey offers to suppliers, accept offers from suppliers, to confirm already existing verbal contracts and to otherwise formalize a purchase transaction with a supplier.

bbbb. "Purchase Price Variance" means the difference between the price that was paid to a supplier for a specific item and the standard cost of that item.

cccc. "Purchase Requisition" means an internal form used to convey to the Purchasing Department a need for products or services.

dddd. "Purchasing Agent" means the person authorized by the company to purchase goods and services for the company.

eeee. "Quantity Discount (Volume Discount)" means a price reduction allowed by the seller in recognition of the lower per unit cost of service for larger orders compared to smaller ones.

ffff. "Quotation" means a statement of price, terms of sale, and description of goods or services offered by a supplier to a prospective purchaser, a bid. When given in response to an inquiry, a quotation often is considered an offer to sell.

gggg. "Real Property" means land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.

hhhh. "Rush Order" means an order that requires shipment in less than supplier normal lead time. Also, it is an order that must be processed by the purchasing department outside of its chronological order of receipt.

iiii. "Safety Stock" means that quantity of inventory, above normal usage, that is kept as protection against uncertainty of demand or of supply availability.

jjjj. "Salvage" means goods that do not conform to specifications, but that may with additional work be made useable.

kkkk. "Scrap" means material that has no value except for its basic material content.

llll. "Shelf Life" means the length of time an item may be held in inventory before it begins to deteriorate or becomes unusable.

mmmm. "Shrinkage" means reductions or loss of inventory quantities from scrap, theft, deterioration, evaporation, etc.

nnnn. "Stockkeeping Unit (SKU)" means each unique unit of inventory, regardless of the quantity of that unit that is maintained.

oooo. "Statistical Process Control (SPC)" means a quality control methodology that focuses on continuous monitoring and plotting on charts of quality levels.

pppp. "Stock Order" means an order to replenish inventory as opposed to an order for a specific customer.

qqqq. "Stockout" means an inventory shortage. An inventory quantity less that the quantity demanded.

rrrr. "Supplies" mean all tangible personal property other than "equipment" as defined in this Section.

ssss. "Suspension" means depending on the context, either temporary withdrawal of the authority to obligate funds pending corrective action, or an action taken by a suspending official in accordance with agency regulations implementing Executive Order 12549.

tttt. "Terms and Conditions" mean all the provisions and agreements of a contract. Typically, most of the common terms are found on the backs of Buyer and seller forms. Often called a boilerplate.

uuuu. "Truckload (T.L.)" means motor carrier shipment within weight requirements for application of truckload rates.

vvvv. "Unit of Measure" means the unit in which the quantity of an item is expressed. Examples include: barrels, dozens, gross, each, case, pounds, gallons, feet, etc.

wwww. "Unliquidated Obligations" mean, on a cash basis, the amount of obligations incurred that has not been paid.

xxxx. "Unobligated Balance" means the portion of funds authorized that has not been obligated and is determined by deducting the cumulative obligations from the cumulative funds authorized.

yyyy. "Warning Labels, Shipping" mean, under Interstate Commerce Commission regulations, certain classes of items require specified warning label affixed to the goods being shipped.

zzzz. "Warranty" means an undertaking, either expressed or implied, that a certain fact regarding the subject matter of a contract is presently true or will be true.

Legislative History:

6/10/05	Draft Materials Management Policies and Procedures Manual submitted to Administration Committee.
7/1/05	Administration Committee reviews and submits to Legislature with recommendation for 45-Day Public Review.
8/31/05	45-Day Public Review period ends without comment.
9/21/05	Enacted as Materials Management Policies and Procedures Manual (5 HCC § 9) by Legislative Resolution 9/21/05A.
10/31/05	Amended and restated for technical correction on page 11 to correct editing error in Section 14 table column 0--$1,000 to 0 -- $10,000.
03/03/09	Legislature uses Quick Passage Procedures of the *Legislative Organization Act* to amend Section 18 and beginning sentence of Section 19.