

State of Michigan  
Michigan Procurement Policy Manual

Issued: 09/16/2015  
Revised: 05/10/2024

## CHAPTER 1 Introduction and Overview of the Michigan Procurement Policy Manual (MPPM)

### 1.1 General Overview

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#### 1.1.1 Management and Budget Act

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[Public Act 431 of 1984](#), the Management and Budget Act, establishes the Department of Technology, Management & Budget (DTMB) as the unit of state government charged with providing centralized administrative purchasing services. See MCL 18.1101-1594 of The Management and Budget Act, [Public Act 431 of 1984](#).

#### 1.1.2 Department of Technology, Management and Budget – Central Procurement Services

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The DTMB created Central Procurement Services to provide for the purchase and contracting of all items needed by state agencies. Central Procurement Services has the responsibility, in partnership with and in support of department and agency business needs, goals, and mission, to identify and carry out the state of Michigan's procurement laws, rules and regulations, objectives, policy, processes, procedures, training and other programs necessary to effectively and efficiently transact business as required under Public Act 431 of 1984.

### 1.2 Purpose and Application of the Michigan Procurement Policy Manual

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#### 1.2.1 Purpose

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The Michigan Procurement Policy Manual (MPPM) is designed to provide various stakeholders, including procurement professionals, end users, contractors, and taxpayers, a transparent and enterprise-wide standardized procurement policy and process. The MPPM is the official source of policy for all purchases made pursuant to Public Act 431 of 1984.

#### 1.2.2 Deviations from Michigan Procurement Policy Manual

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In limited situations, a deviation from the MPPM may be necessary where the prescribed policy or procedure is not appropriate. To maintain standardization of process, any deviation must be pre-approved by the Chief Procurement Officer, or a designee. A request for approval of a deviation must be requested by the state entity's procurement executive. The deviation request and approval must be documented. Deviations from department policy must be approved by the Chief Procurement Officer, or a designee.

The MPPM is enforceable only for those purchases made under Public Act 431 of 1984 ([MCL 18.1261](#)), which includes all purchases delegated by Central Procurement Services

or purchases made against DTMB-issued contracts. Agencies making purchases under other statutory sources of authority are encouraged to follow MPPM policies as best practices where applicable.

### **1.2.3 Michigan Procurement Policy Manual Revision Process and Communication**

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The MPPM will be updated annually unless immediate action is required. The procedure for updating the manual will include circulating proposed changes with the Procurement Leadership Team, and through the Administrative Guide review process. Revisions will be posted on the State's public-facing website at the [Administrative Guide to State Government](#) and on the intranet at [Procurement](#).

### **1.2.4 Questions**

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Questions or comments concerning the MPPM should be addressed to Central Procurement Services at:

Central Procurement Services  
Department of Technology, Management & Budget  
PO Box 30026  
320 S. Walnut St.  
Lansing, MI 48909  
Phone: 517-284-7000  
Toll-free: 855-647-8724  
Email: [DTMB-micontractconnect@michigan.gov](mailto:DTMB-micontractconnect@michigan.gov)

### **1.2.5 General Information**

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Hyperlinks are imbedded throughout this document. If you find a hyperlink that is not active, please email [DTMB-micontractconnect@michigan.gov](mailto:DTMB-micontractconnect@michigan.gov).

## **1.3 Michigan Laws, Executive Directives, and Policies Impacting Procurement**

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### **1.3.1 Michigan-Based Business**

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All other things being equal, the state of Michigan must give preference to products manufactured or services offered by Michigan-based firms. See MCL [Section 18.1261](#) and [Section 18.1268](#).

### **1.3.2 Clean Corporate Citizen**

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All other things being equal, the state of Michigan must give preference to products manufactured or services offered by facilities designated as clean corporate citizen under part 14 of the natural resources and environmental protection act. See MCL [Section 18.1261](#).

### **1.3.3 Biobased Products**

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All other things being equal, the state of Michigan must give preference to biobased products whose content is sourced in this state. See MCL [Section 18.1261](#).

### **1.3.4 Geographically-Disadvantaged Business Enterprises**

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All other things being equal, the state of Michigan must give preference to products manufactured or services offered by a Geographically-Disadvantaged Business Enterprise (GDBE). It is the goal of the State that 3% or more of contract payments each state fiscal year will be made to certified GDBEs by the 2022-23 fiscal year. See [Executive Directive 2019-08](#).

Beginning in Fiscal Year 2023-2024, the goal for total expenditures to GDBEs in each state fiscal year increases to 20%. Each department or agency that exercises procurement authority delegated by DTMB must meet the annual goal. Any department or agency that does not meet the annual goal must provide a written explanation to DTMB Central Procurement Services. DTMB must include the reporting required under Executive Directive 2023-01 in its annual report to the Governor required by [Executive Directive 2019-08](#), Section 7. See [Executive Directive 2023-01](#).

### **1.3.5 Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS)**

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Consistent with state and federal law, preference must be given to proposals from vendors offering products, including components, that do not contain intentionally added PFAS. Products containing intentionally added PFAS should only be procured where there is not a comparable alternative available or no proposals have been submitted for a product free of intentionally added PFAS. See [Executive Directive 2021-8](#).

### **1.3.6 Reciprocal Preference**

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If a low bid for a State procurement exceeds \$100,000, and is from a business located in a state that applies a preference against out of state businesses, State of Michigan Procurement must prefer a bid from a Michigan business that meets the criteria in MCL [Section 18.1268](#) in the same manner in which the out-of-state bidder would be preferred in its home state.

### **1.3.7 Assistance to Local Units of Government**

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State of Michigan Procurement assists, on a fee basis, local units of government (i.e., a city, village, county, township, school district, intermediate school district, nonprofit hospital, institution of higher education or community college, recognized Indian Tribes, and certain designated authorities - a "MiDEAL" member) through extending of State contracts ("Extended Purchasing"). See MCL [Section 18.1263](#).

Additional information, such as a list of available contracts, and instructions on how to become a member are available on the [MiDEAL Extended Purchasing Program internet site](#).

### **1.3.8 Qualified Service-Disabled Veteran-Owned Businesses**

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It is the goal of the State to award 5% of total state expenditures for construction, goods, and services to qualified service-disabled veteran-owned businesses. The State provides a 10% pricing preference for businesses owned by qualified-disabled veterans. See MCL [Section 18.1241](#) and [Section 18.1261](#).

### **1.3.9 Recycled Supplies, Materials, and Equipment**

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20% of all supplies, materials and equipment purchased by the State must be made from recycled materials if there is a readily identifiable source or market, and the cost does not exceed 110% of supplies, materials, and equipment not containing recycled materials. “Recycled materials” includes recycled paper products, structural materials made from recycled plastics, refined lubricating oils, reclaimed solvents, recycled asphalt and concrete, recycled glass products, retreaded tires, and ferrous and nonferrous metals containing recycled scrap metals. See MCL [Section 18.1261a](#).

### **1.3.10 Recycled Paper**

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50% of the total paper purchased must be made from recycled paper if the cost is not greater than 110% of the cost of paper that does not contain recycled fibers. The State must give preference to wood or paper products that derive from sustainably managed forests or procurement systems that are certified by an independent third party using an identified certificate program. See MCL [Section 18.1261b](#) and [Section 18.1261c](#).

### **1.3.11 Products Containing Mercury or Mercury Compounds**

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If cost effective, the State will purchase products that do not contain mercury or mercury compounds over those that do. See MCL [Section 18.1261d](#).

### **1.3.12 Prequalified Vendors**

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The State may limit a solicitation to prequalified vendors to meet statutory or licensing requirements applying to the solicitation or when the time necessary to verify vendor qualification would jeopardize timely award of contracts. In those cases, the State may screen potential vendors on a variety of factors including ability, expertise, experience, willingness to accept the State’s legal terms, etc. Upon such prequalification, the State may solicit goods or services from that pool of vendors. See MCL [Section 18.1262](#).

### **1.3.13 Community Rehabilitation Organizations – Preferred Status for Certain Procurements**

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To advance the employment of people with disabilities, community rehabilitation organizations have preferred status for the procurement of certain goods or services. A community rehabilitation organization is defined as a nonprofit charitable organization or institution incorporated in the state of Michigan that is operated to carry out a recognized program of employment and training services for people with disabilities.

A committee within DTMB coordinates and monitors the implementation of the Community Rehabilitation program. See MCL [Section 18.1293](#), MCL [Section 18.1294](#), and the [Operations Manual](#).

### **1.3.14 Prevailing Wage**

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If a project involves employing construction mechanics (e.g., asbestos, hazardous material handling, boilermaker, carpenter, cement mason, electrician, office reconstruction and installation, laborer including cleaning debris, scraping floors, or sweeping floors in construction areas, etc.) and is sponsored or financed in whole or in part by State funds,

State Contractors must pay prevailing wage. Additional information on the requirements of prevailing wage can be found on the [Labor and Economic Opportunity – Bureau of Employment Relations – Wage & Hours Division website](#). See [MCL 408.1102](#) of Public Act 10 of 2023.

### **1.3.15 State Printing Act**

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All businesses performing printing services (excluding legal publications ordered for or by elected state officers) must meet one of the following conditions: (a) bear the label of the branch of the allied printing trades council of the locality in which it is printed; (b) have on file with the secretary of state, a sworn statement indicating that employees producing the printing are receiving the prevailing wage rate in the locality in which the work is performed; or (c) have a collective bargaining agreement in effect formed by an organization that is not in any way influenced or controlled by management. See MCL [Section 24.61](#) and [Section 24.62](#).

### **1.3.16 Iran Economic Sanctions Act**

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The Iran Economic Sanctions Act requires any bidder submitting a proposal in response to a request for proposal to certify that it is not an Iran-linked business. See MCL 129.311-316 of [Public Act 517 of 2012](#).

### **1.3.17 Prompt Payment Act**

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The State will take all steps necessary to pay a contractor within 45 days after receipt of an undisputed invoice. Past due payments will be paid at no more than 0.75% of the payment due for the first month and each succeeding month or portion of a month the payment remains due. See Sections 17.51-57 [Public Act 279 of 1984](#).

### **1.3.18 State Administrative Board**

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[Public Act 2 of 1921](#), the State Administrative Board Act, created the State Administrative Board. The Board exercises general supervisory control over the functions and activities of all administrative departments, State officers, boards, commissions, and State institutions (agencies) for approval of funds, expenditures, including contracts, grants and leases; oversight of the State capital outlay process; claims against the state less than \$1,000; and approval of contracts for intellectual property. The Board functions through three standing committees that make recommendations to the Board. The standing committees are: (1) Finance and Claims (F&C); (2) Building; and (3) Transportation and Natural Resources (TNR). The Board and its committees meet at least twice a month, usually on alternate weeks. The expenditure threshold for Board approval of procurement contracts and grants is currently set by Board resolution at \$250,000 for contracts (with some exceptions, such as the Michigan Supplier Community Program described in [Chapter 5](#), for which it is \$500,000) and \$500,000 for grants. Additional information about the Board can be found on the [Contract Connect / State Administrative Board website](#).

### **1.3.19 Records Maintenance, Inspection, Examination and Audits**

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Contracts for services must contain a requirement that the State and the auditor general, or their designees, may audit a contractor during the term of the contract and for 3 years after

the latter of the expiration or the final payment, to verify compliance with the contract. Additionally, the contract must indicate that the financial and accounting records associated with the contract must be provided upon request. See MCL [Section 18.1470](#).

### **1.3.20 Nondiscrimination**

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All State contracts must contain a nondiscrimination clause with reference to [Public Act 453 of 1976 Elliott Larsen Civil Rights Act](#), [Public Act 220 of 1976 Persons with Disabilities Civil Rights Act](#), and [Executive Directive 2019-09](#).

### **1.3.21 Unfair Labor Practice**

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The State may void any contract with a supplier, including a subcontractor who appears on the Unfair Labor Practice register. See MCL [Section 423.324](#) of Public Act 278 of 1980 State Contracts with Certain Employers Prohibited.

### **1.3.22 Freedom of Information Act**

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[Public Act 442 of 1976](#), the Michigan Freedom of Information act (FOIA), allows a person to inspect, copy or receive a copy of a nonexempt public record. Additional information on the FOIA or how to submit a FOIA request can be found on the [Contract Connect / FOIA Request to Obtain Contract Information website](#). See [Public Act 442 of 1976](#) MCL Section 15.231-246.

### **1.3.23 Michigan Economic Impact and Other Considerations**

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[Executive Directive 2019-15](#) directs the Department of Technology, Management and Budget and agencies exercising delegated procurement authority to consider Michigan economic impact when making purchasing decisions. In addition, bidders' environmental track records, their compliance with Michigan's labor and employment laws and regulations, and their investment in Michigan's economically distressed areas must be considered in the best value evaluation of competitive bids.

## **1.4 Ethical Standards and Professional Conduct for Purchasing Professionals**

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### **1.4.1 Purchasing Professional Defined**

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A Purchasing Professional is any State employee issuing contracts including issuing purchase orders and making sourcing decisions (a "Purchasing Professional"). A State employee who enters data into Statewide Integrated Government Management Applications (SIGMA) or gathers quotes but does not issue contracts, purchase orders, or make sourcing decisions is not a Purchasing Professional.

### **1.4.2 Ethical Standards and Professional Conduct for Purchasing Professionals**

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All State employees must adhere to the ethical conduct rules established by the [Civil Service Commission Rules](#) in Rule 2-8 Ethical Standards and Conduct, and [Public Act 196 of 1973](#). A Purchasing Professional must, at all times, avoid the appearance of impropriety and unethical conduct. In addition to civil service rules and Public Act 196 of 1973, and determination made by the Chief Procurement Officer under the authority of Public Act 431 of 1984, Purchasing Professionals must not do any of the following:

- (1) Disclose, for financial gain for the Purchasing Professional or Purchasing Professional's grandparent, parent, parent-in-law, stepparent, sibling, spouse, child, or stepchild ("Immediate Family"), any confidential information that is not available to members of the general public.
- (2) Engage in or agree to engage in, for financial gain for the Purchasing Professional or a member of the Purchasing Professional's Immediate Family, any business transaction or private arrangement that accrues from or is based on the Purchasing Professional's official position or on confidential information gained by reason of the Purchasing Professional's position.
- (3) Solicit, accept, or agree to accept anything, including but not limited to a gift, money, loan, or meal of any kind, that is offered by an individual employed by, or directly or indirectly representing, any of the following:
  - (a) A business, entity, or person that has a contract with the State that the Purchasing Professional had or has the authority to (1) award or recommend the award, extension, or renewal of the contract or (2) approve or authorize any payments under the contract.
  - (b) A business, entity, or person that is seeking a contract with the State for which the Purchasing Professional, as a part of the Purchasing Professional's official duties, had or has (1) the authority to develop, recommend, or approve the contract specifications or (2) the authority to recommend the purchase or award of the contract.
  - (c) A business, entity, or person that performs work for the State that is inspected or approved by the Purchasing Professional.
  - (d) A business, entity, or person whose financial records are audited by the Purchasing Professional.
  - (e) An employee or representative of a trade association if any member of the association is a business or entity described in subsections (a) through (d).
  - (f) A lobbyist who represents any business, entity, or person described in subsections (a) through (d).
- (4) Solicit, accept, or agree to accept anything under any circumstances that could reasonably be expected to influence the manner in which the Purchasing Professional performs work or makes decisions.
- (5) Make available any consideration, treatment, advantage, or favor beyond that which is generally granted or made available to others under similar circumstances.
- (6) Represent or act as an agent for any private interests, whether for compensation or otherwise, in any transaction in which the state has a direct and substantial interest and which could reasonably be expected to result in a conflict between the Purchasing Professional's private interests and official state responsibilities.



- (7) Exercise any decision-making authority of the state regarding any purchasing with respect to any business or entity in which the Purchasing Professional or a member of the Purchasing Professional's Immediate Family has any financial interest.
- (8) Fail to timely, fully, and accurately report, to the Purchasing Professional's procurement executive, pursuant to Section 1.4.3 Annual [Disclosure of Interest](#), any interest of the Purchasing Professional or the Purchasing Professional's Immediate Family in any business or entity with which the Purchasing Professional has direct contact while performing official duties.
- (9) Accept or attend any entertainment venue, the expense of which is paid in whole or in part by a business, entity, or individual employed by, or directly or indirectly representing the entities identified in 3(a) – (f). Examples include, but are not limited to, golf outings, sporting events, non-work related conferences.
- (10) Attend a conference or training session, the expense of which is paid in whole or in part, by a business, entity, or person identified in 3(a) – (f), unless all of the following are met:
  - i. The Purchasing Professional's attendance is primarily for the benefit of the state.
  - ii. The expenses paid are only meal expenses, which if paid by the Purchasing Professional, would be reimbursable items under the state of Michigan's standardized travel regulations. Travel and lodging expenses for a conference or training session must be approved and paid by the state of Michigan pursuant to the state of Michigan's standard travel regulations.
  - iii. The Purchasing Professional's procurement executive determines that paid attendance would not reasonably be expected to improperly influence how the Purchasing Professional performs work or makes decisions.

A Purchasing Professional may accept *advertising items* (contractor promotional items that contain contractor logo) that have a fair market value of less than \$20.00. The aggregate fair market value of any advertising items must not exceed \$80.00 in any three-month period. The \$80.00 limit is an aggregate cap across all advertising items, from any combination of vendors. Any item that does not have a company logo on it is considered a gift and cannot be accepted. The Purchasing Professional must utilize due diligence in the determination of the value of the advertising item. If assistance is needed in determining due diligence, the Purchasing Professional can contact the procurement executive or Central Procurement Services.

Purchasing Professionals must not accept samples from contractors outside of the solicitation or contracting process. Any sample received during the solicitation or contracting process becomes a part of the contract file. Samples received outside of the solicitation or contracting process are considered a gift and must not be accepted.



### 1.4.3 Annual Disclosure Statement

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All Purchasing Professionals must, at least annually, in addition to any agency reporting requirements, complete and submit the [Disclosure of Interest](#). The department's procurement executive must ensure that this conflict of interest disclosure statement, or their agency's specific conflict of interest disclosure statement, as applicable, is completed annually for all Purchasing Professionals.

### 1.4.4 Reporting Potential Conflicts of Interest and Violations of the Ethical Standards and Professional Conduct

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Purchasing Professionals must report any actual or alleged violation of the Ethical and Professional Conduct policy to the Chief Procurement Officer, and may also report to the Purchasing Professional's procurement executive, or appointing authority, as required under agency work rule or directive.

## 1.5 Fundamentals for Contractors

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### 1.5.1 Getting Started

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The state of Michigan offers many resources to current and potential contractors. The [Contract Connect website](#) is a contractor's guide to doing business with the state of Michigan. Contractors can find information on current contracts, and training opportunities.

Additionally, Central Procurement Services houses a Policy, Training, and Outreach Division, which is tasked with outreach to Michigan vendors and service-disabled veteran-owned businesses. Questions for the Policy, Training, and Outreach Division can be directed to:

Central Procurement Services  
Department of Technology, Management, and Budget  
PO Box 30026  
320 S. Walnut St.  
Lansing, MI 48909  
Phone: 517-284-7000  
Toll free: 855-647-8724  
Email: [DTMB-micontractconnect@michigan.gov](mailto:DTMB-micontractconnect@michigan.gov)

### 1.5.2 SIGMA Vendor Self Service

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[SIGMA Vendor Self Service](#) (VSS) is the state of Michigan's online eProcurement solution. The portal contains a public listing of solicitations posted by the state of Michigan and some Michigan school districts, and community colleges. The system is an online tool to support various state purchasing functions including registration of contractors, advertisements of contract opportunities, electronic bidding, and contract management.

### 1.5.3 Contractor Registration

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Contractors must register on [SIGMA VSS](#) to do business with the state of Michigan. Contractors can access [SIGMA VSS](#) for detailed instructions on registration. Contractors must select at least one National Institute of Governmental Purchasing (NIGP) commodity

code that reflects the goods and services that the contractor provides. The State can, and often does, use the SIGMA VSS system to notify registered contractors of new contracting opportunities based on commodity codes.

Each registering contractor is responsible for updating and maintaining key company, contact, and product/service information, etc. in the system.

For questions regarding registration support, account maintenance, or posting a quote, contractors can contact the SIGMA VSS help desk, available from 8:00 a.m. to 5:00 p.m. ET Monday to Friday at:

Phone: 517-284-0540 (Lansing)  
Toll-free: 1-888-734-9749  
Email: [SIGMA-Vendor@michigan.gov](mailto:SIGMA-Vendor@michigan.gov)

#### **1.5.4 Anti-Competitive Behavior**

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The Michigan Antitrust Reform Act, [Public Act 274 of 1984](#), was created to prevent business practices used to decrease competition in the economic marketplace. See [Public Act 274 of 1984](#), Sections 445.771 – 445.788. Contractors who bid on State contracts, or receive contract awards must not participate in anti-competitive behavior including any of the following:

**Bid Rigging:** Entering an agreement with a competitor that will result in a predetermined winner when bidding for a contract is taking place, agreeing to bid at a price so that the other competitor will win, or tailoring a contract so that a company is pre-determined to win a future bid.

**Price-Fixing:** Entering an agreement with a competitor on how much they will charge for a product or service.

### **1.6 Violations of the Michigan Procurement Policy Manual**

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#### **1.6.1 Reporting Potential Violations of the Michigan Procurement Policy Manual**

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Purchasing Professionals must report any actual or alleged violation of the Michigan Procurement Policy Manual to the Chief Procurement Officer.