



**TOWN OF DEWEY-HUMBOLDT
ADMINISTRATIVE REGULATION**

AR № 09-01

Subject: *Purchasing Procedures*

Effective Date: September 9, 2009

Town Manager: *[Signature]*

Council Approval: *01Feb2011*

1. Scope. This policy applies to employees in all Town programs, agencies and authorities.
2. Purpose. To establish procedures for all purchases of supplies, materials, services, equipment or improvements.
3. Purchase Order Cycle.
 - 3.1. Bids and/or quotations are secured to ensure that every effort had been made to obtain all supplies, materials, services, equipment or improvements at the most economical and advantageous prices available.
 - 3.2. Requisition Requests are created by the user department listing the item(s) to be purchased. Once the requisition is approved by the Procurement Officer a Purchase Order is issued.
 - 3.2.1. For Small Purchases of \$0 – \$200: No requisition is required if the expenditures is authorized in the current budget (i.e. – ongoing annual membership application and payment, advertisement cost for a public notice, general office supply order).
 - 3.3. Purchase Orders are issued to the vendor as a legal contract for goods or services. The department will use the open P.O. to account for goods and/or services received.
4. Exceptions. Direct payments may be made for the following items.
 - 4.1. Government payments.
 - 4.2. Utility payments.
 - 4.3. Payments to associations, memberships and continuation of existing contracts, so long as the scope has not materially changed as authorized in the annual budget.
 - 4.4. Travel, training and seminar expenses on an approved Travel & Training Request & Reconciliation Form as authorized in the annual budget.
 - 4.5. Legal and court fees.
 - 4.6. Special personnel use fees, (coaches, trainers, etc.) as authorized in the annual budget.
 - 4.7. Purchasing card payments (credit card billings).
 - 4.8. Check Re-issue
5. Definitions. For the purpose of this policy the following definitions apply:
 - 5.1. Capital Assets. Assets of the Town costing more than \$10,000 with a useful life of longer than one year, i.e., land, improvements to land, easements, water rights, buildings, building improvements, vehicles, machinery, equipment, works of art, historical treasures, infrastructure and various intangible assets.
 - 5.2. Capital Outlay. Expenditures that result in the acquisition of or additions to capital assets.
 - 5.3. Change Order. A change order is a written request from the department to the Procurement Officer requesting to formally amend an outstanding purchase order, e.g., change quantity ordered, unit price, delivery, etc.

- 5.4. Procurement Officer. The person (Town Manager) duly authorized to enter into and administer contracts and make written determinations with respect thereto. This also includes an authorized representative acting within the limits of authority.
6. Department Responsibility. Requisitions shall be initiated in each department.
 - 6.1. It is the responsibility of the department head to make sure that a current and complete Vendor Certification Checklist is on file before making any purchases.
 - 6.2. The department is responsible for ensuring unencumbered departmental appropriations exist to cover the intended purchase.
 - 6.3. The department is responsible for preparing a council communication with all supporting documentation for all expenditures exceeding \$5,000.
 - 6.4. No department head can utilize money out of their personnel or capital outlay budgets for operating expenses without first getting approval from Finance and the Town Manager.
 - 6.5. No department head can co-mingle monies from different funds without first getting approval from Finance and the Town Manager.
7. Vendors. All vendors must have on file with the town a current Vendor Certification Checklist.
8. Bids and Quotations. Bids and Quotations must be submitted to support the requisition as follows:
 - 8.1. \$ 0 – \$300 Small Purchases – No bid/quote requirement.
 - 8.2. \$301 - \$1,000 Informal Purchases – Verbal quotation from a minimum of three vendors. Must be documented on the Vendor Selection Form (may be phone quotes).
 - 8.3. \$1,001 - \$24,999 Informal Purchases - Written Quotations (on Company letterhead) from a minimum of three vendors.
 - 8.4. \$25,000+ Formal Purchases – formal bid and Council approval on bid results.
 - 8.5. Purchases through cooperative purchasing, state contracts or Professional Services are exempt from the bid requirements.
 - 8.6. Capital outlay must have quotation documentation for all purchases, regardless of cost.
 - 8.7. Quotation documentation must be kept by each Department for a minimum of six months from the date of purchase; then be transferred to the Town Records Manager for retention according to State Records Retention Laws.
 - 8.8. The bid procedures must not be circumvented by submitting multiple requisitions, separating contracts or projects, or manipulating quantities of an order.
9. Requisition Requests. A Requisition Request shall be initiated in each department. The requisition shall contain at a minimum:
 - 9.1. Department name and person initiating the requisition.
 - 9.2. Reason for the purchase.
 - 9.3. Vendor name.
 - 9.4. Quantity of item(s) to be purchased.
 - 9.5. Complete description of the items to be purchased.

9.6. Item cost.

9.7. Expense account code with unencumbered appropriation to cover purchase.

10. Approvals. Each Requisition will be approved as follows. Requisitions must be routed through the appropriate approval levels. The requisitions may be returned to the originator by any approver if questions or concerns exist. Once approved, the requisition will be forwarded to Finance.

10.1. \$101 - \$300 Small Purchase requires department and finance approval.

10.2. \$301 - \$4,999 Informal Purchase requires finance and Town Manager approval.

10.3. \$5,000 - \$24,999 Informal Purchase requires finance and Town Manager, and Council approval.

10.4. \$25,000+ Formal Purchase requires, finance, Town Manager, and Council approval on bid results.

11. Purchase Orders (P.O.). A formally issued Purchase Order is a legal contract between the Town and the vendor for purchases of supplies, materials, services, equipment or improvements at a specified amount. A purchase order is not considered issued until a requisition has been approved at all levels and, as such, a P.O. number must not be given to a vendor until the supporting requisition has been signed and issued.

11.1. Purchase Orders for Small, Informal and Formal Purchases shall be:

11.1.1. Issued for all purchases, except as excluded elsewhere in this document.

11.1.2. Issued by finance upon receipt of approved Requisition.

11.1.3. Filed in finance with the original signed copy going to accounts payable.

11.1.4. A copy of the P.O. shall be returned to the user department after being issued.

11.1.5. The purchase order number shall be given to the vendor upon receipt.

11.1.6. Used by the issuing department to account for goods and services received.

11.2. Formal Purchases.

11.2.1. The Procurement Officer shall invite bids by performing all of the following:

11.2.1.1. Advertise in at in at least one newspaper of general circulation, printed and published with general circulation in the Town, at least ten days before the bid opening date, and

11.2.1.2. Mail invitations to bid to at least three suppliers of goods and services and

11.2.1.3. Post a notice on the public bulletin board at Town Hall with the specifications of the item or service for bid.

11.2.2. Sealed Bids.

11.2.2.1. Shall be submitted to the Town Clerk.

11.2.2.2. Shall be date and time stamped upon receipt.

11.2.2.3. Shall be identified as bids on the envelope.

11.2.2.4. Shall be opened in public at the time and place stated in the public notices.

11.2.3. Selection of winning bid.

- 11.2.3.1. Shall be awarded to the lowest responsible and responsive bidder based on the bid, past performance, and recommendations of the procurement officer.
 - 11.2.3.2. Documentation of selection shall be duly noted in the Town records.
 - 11.2.3.3. All awarded contracts shall have the necessary licenses and sales tax numbers as required by State and Federal Governments.
 - 11.2.3.4. A tabulation of all bids received shall be retained on file for public inspection during regular business hours.
 - 11.2.3.5. Department heads shall forward a list of vendors invited to bid to the Town clerk in order that the list may be maintained with the original bid documentation.
 - 11.2.3.6. All of the requirements for Formal Purchases must be met before a purchase order will be issued.
12. Change Order. Before approving any changes to the amount of a formally issued purchase order, a change order will need to be approved. Note this is an internal issue: the changes will have no effect on the vendor's rights or responsibilities pursuant to the purchase order and would be of no interest to the vendor.
- 12.1. The department shall initiate a change request by submitting a requisition amendment notice to the Procurement Officer on a requisition form with "Amend" written across the top.
 - 12.1.1. Indicate the underlying Purchase Order Number and attach a copy.
 - 12.1.2. Indicate the change and cause; attach supporting documentation.
 - 12.1.3. Indicate the funding supplements and reductions as necessary.
 - 12.1.4. Follow the approval routing sequence as indicated by the amended Purchase Order amount.
13. Receipts. Each department shall record the receipt of supplies, materials, services, equipment or improvements against the purchase order being satisfied. Upon receipt of the goods or services, the department shall note on the original billing invoice.
- 13.1. Approval in full (authorized signature) or any required adjustment.
 - 13.2. The purchase order number.
 - 13.3. Other information as required by accounts payable procedures.
 - 13.4. Attach an Unconditional Waiver Final or Unconditional Waiver Progress for Project and Service invoices as indicated.

Forms.

Requisition Request	FORMS1\FINANCE\Requisition Request.xls
Vendor Selection	FORMS1\FINANCE\vendor Selection.pdf
Vendor Certification	Vendor Certification Checklist.xls
Vendor W-9	S:\Forms1\W-9
Employee Influence	S:\Forms1\Employee Influence
Travel & Training Request	Travel & Training Request Form.pdf
Waiver Unconditional Progress	Waiver UNConditional Progress.doc
Waiver Unconditional Final	Waiver UNConditional Final.doc