

 <p>TOWN OF DEWEY-HUMBOLDT ADMINISTRATIVE REGULATION</p>	<p>AR № 09-01</p>
<p>Subject: <i>Purchasing Procedures</i></p>	<p>Original Effective Date: September 9, 2009</p>
<p>Town Manager:</p>	<p>Council Approval of latest Revisions: September 6, 2022</p>

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 – \$999: No requisition is required.).
 - 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 to this Administrative Regulation. Direct payments may be made for the following items.
 - 4.1. Intergovernmental payments, purchases, and agreements.
 - 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 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. Payments on the purchasing card statements (transactions are subject to the policy, but paying the statement balance is not).
 - 4.8. Check Re-issuance.
5. Definitions. For the purpose of this policy the following definitions apply:
 - 5.1. 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.
 - 5.2. 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 the purchasing procedures are followed without any conflict of interest per A.R.S. Title 38, Chapter 3, Article 8 conflict of interest.
- 6.2. The department is responsible for ensuring unencumbered departmental budget appropriations exist to cover the intended purchase.
- 6.3. The department is responsible for preparing a council communication with all supporting documentation for expenditures that require Council approval..
- 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.
7. Vendors. All vendors must have on file with the town a current IRS W-9 form.
8. Bids and Quotations. Bids and Quotations must be submitted to support the requisition as follows:
 - 8.1. \$ 0 – \$299 Small Purchases – No bid/quote requirement, the purchase shall be made with as much economy as practicable in the open marketplace, the purchase is approved by Finance.
 - 8.2. \$300 - \$999 Small Purchases - No bid/quote requirement, the purchase shall be made with as much economy as practicable in the open marketplace, the purchase is approved by the Town Manager.
 - 8.3. \$1,000 - \$4,999 Informal Purchases – The department shall obtain at least three (3) informal competitive quotations, documented in writing, from available suppliers. The requisition will be approved by Town Manager. Phone quotes or online quotes are acceptable but must be documented. The Town Manager shall notify the Town Council of purchases in this category.
 - 8.4. \$5,000 - \$24,999 Informal Purchases – The department shall obtain at least three (3) informal competitive written quotations from available suppliers. The requisition will be approved by Town Manager. The Town Manager shall notify the Town Council of purchases in this category.
 - 8.5. \$25,000 - \$49,999 Informal Purchases - The department shall obtain at least three (3) informal competitive written quotations on business letterhead from available suppliers. The requisition will be approved by Town Council.
 - 8.6. \$50,000 & above - Formal Purchases– formal bidding according to section 10.2 and Council approval of selected vendor..
 - 8.7. Exemptions from bidding requirements. The following are exempt from bidding requirements but follow the same approval thresholds as in sections 8.1 through 8.5.
 - 8.7.1. Purchases through cooperative purchasing or state contracts
 - 8.7.2. Professional or specialized services – services by members of professions that require specialized knowledge and expertise acquired by advanced training and/or experience.
 - 8.7.3. Emergency procurements – if there exists a threat to public health, welfare, or safety or if a situation is determined to be necessary for the public interest the Town Manager may authorize an emergency procurement with as much competition as practicable under the circumstances. Goods or services exceeding \$25,000 shall be submitted to Council for authorization or ratification at the next scheduled Council meeting.
 - 8.7.4. Sole Source – when there is only one (1) known source that exists, or one (1) single supplier that can fulfill the requirements. Justification must be provided and documented on the requisition form.

- 8.7.5. Used vehicle or equipment – procurements up to \$25,000 may be authorized by the Town Manager for used vehicles and equipment. Written justification must be provided showing that the cost is justified and that the item is only sporadically or occasionally available for purchase. Procurements of more than \$25,000 for used equipment or vehicles must be preapproved by Town Council with a not to exceed dollar amount authorizing the Town Manager or his designated staff member to purchase used vehicles or equipment in the best interest of the Town.
- 8.8. Quotation documentation must be sent to Finance with the requisition to be kept according to State Records Retention Laws.
- 8.9. 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 on forms provided by the Finance Department. 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. 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.
- 10.1. Purchase Orders for Small, Informal and Formal Purchases shall be:
- 10.1.1. Issued for all purchases, except as excluded elsewhere in this document.
- 10.1.2. Issued by finance upon receipt of approved Requisition.
- 10.1.3. Filed in finance with the original signed copy going to accounts payable.
- 10.1.4. A copy of the P.O. shall be returned to the user department after being issued.
- 10.1.5. The purchase order number shall be given to the vendor upon receipt.
- 10.1.6. Used by the issuing department to account for goods and services received.
- 10.2. Formal Purchases.
- 10.2.1. The Procurement Officer shall invite bids by performing all of the following:
- 10.2.1.1. Advertise 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
- 10.2.1.2. Distribute invitations to bid to at least three suppliers of goods and services and
- 10.2.1.3. Post a notice on the public bulletin board at Town Hall with the specifications of the item or service for bid.
- 10.2.2. Sealed Bids.
- 10.2.2.1. Shall be submitted to the Town Clerk.
- 10.2.2.2. Shall be date and time stamped upon receipt.
- 10.2.2.3. Shall be identified as bids on the envelope.

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

10.2.3. Selection of winning bid.

10.2.3.1. Shall be awarded to the lowest responsible and responsive bidder based on the bid, past performance, and recommendations of the procurement officer.

10.2.3.2. Documentation of selection shall be duly noted in the Town records.

10.2.3.3. All awarded contracts shall have the necessary licenses and sales tax numbers as required by State and Federal Governments.

10.2.3.4. A tabulation of all bids received shall be retained on file for public inspection during regular business hours.

10.2.3.5. 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.

10.2.3.6. All of the requirements for Formal Purchases must be met before a purchase order will be issued.

11. 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.

11.1. 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.

11.1.1. Indicate the underlying Purchase Order Number and attach a copy.

11.1.2. Indicate the change and cause; attach supporting documentation.

11.1.3. Indicate the funding supplements and reductions as necessary.

11.1.4. Follow the approval routing sequence as indicated by the amended Purchase Order amount. Any change order less than \$25,000 must be approved by the Town Manager, \$25,000 and over must be approved by the Town Council.

12. 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.

12.1. Approval in full (authorized signature) or any required adjustment.

12.2. The purchase order number.

12.3. Other information as required by accounts payable procedures.