

 Administrative Policy	AP 14
	Responsible Department: Management Services
Subject: Purchasing	Effective Date: 02/26/2001
Approvals:	
_____	_____
Thomas M. Martinsen, Town Manager	Date Approved

Purpose

The purpose of this policy is to establish internal procedures and guidelines for purchasing pursuant to the Procurement Policy adopted by the Town Council.

I. Definitions

- A. "Accounting Division" means that function within the Management Services Department responsible for processing and maintaining the financial records of the Town.
- B. "Blanket Purchase Order" means a document provided to a vendor authorizing a series of purchases of specified items or type of items the aggregate of which does not exceed the amount on the Purchase Order.
- C. "Department Director" means the individual responsible for the operation and management of one of the Town's departments.
- D. "Designated Purchasing Authority (DPA)" means the designee of the Town Manager authorized to procure materials or services.
- E. "Invoice" means the request for payment sent by a vendor from whom goods and/or services have been purchased.
- F. "Procurement" means buying, purchasing, renting, leasing, or otherwise acquiring any materials, services, construction or property. Procurement also includes all functions that pertain to the obtaining of any material, service, construction, or property, including description of requirements, selection and solicitation of sources, preparation, and award of contract, and all phases of contract administration. Procurement shall not include any material, property or service secured through a gift, grant or donation to the Town.
- G. "Purchase Order" means a document provided a vendor authorizing the purchase of specified items at a specified price.
- H. "Sole Source" means a vendor or proposer for supplies and services who, through compliance with the procedures set forth in this Policy, has been determined to be the only known source for the supply or service.

II. Policy

A. Delegation of Authority

- 1) The Town Manager delegates to Department Directors purchasing authority not to exceed \$5,000.
- 2) Department Directors may delegate purchasing authority up to \$3,000 to directly reporting staff classified in Decision Band C or higher.
- 3) Department Directors may further delegate purchasing authority up to \$1,000 to other appropriate staff on an as needed basis.
- 4) A Designated Purchasing Authority form shall be completed, approved by the Town Manager, and filed in the Management Services Department.

B. Approval Procedures

- 1) Where approval of a Department Director, the Town Manager, or the Council is required, a Purchase Order shall be prepared and signed by the appropriate DPA prior to the purchase being made. All Purchase Orders shall include an estimate of freight and sales tax.
- 2) For purchasing of supplies and services greater than \$5,000 and less than or equal to \$10,000, a Purchase Documentation Form (Attachment B) shall be prepared and submitted to the Town Manager along with the Purchase Order. Where there is Sole Source Purchase, a written determination justifying the basis for the Sole Source Purchase shall be prepared and submitted to the Town Manager along with the Purchase Order. The Town Manager shall report all Sole Source Purchases in excess of \$5,000 to the Town Council.
- 3) For purchases requiring Council approval, a Purchase Order shall be prepared by the Management Services Department and signed by the Management Services Director indicating Council approval and the date of such approval.
- 4) The Purchase Order shall be forwarded to the Accounting Division upon approval.
- 5) No Purchase Order or Purchasing Documentation Form is required for purchases \$3,000 or less. The Invoice shall be approved by the appropriate DPA as indicated on the Designated Purchasing Authority form and submitted to the Accounting Division for payment.

C. Lease Purchases

- 1) All purchases that are less than \$10,000 and that are to be financed through a capital lease require a Purchase Order approved by the Management Services Director and the Town Manager.

D. Contracts

- 1) Contracts are required for purchases lasting at least one year in duration. Examples of contracts lasting more than one year include contracts for broadband Internet services, banking services, audit services, telephone services, etc.

- 2) All contracts must be approved as to form by the Town Attorney prior to execution or shall be created using an approved contract form.
- 3) All contracts should have a specific end date.
- 4) Contracts will be registered and assigned a contract number by the Town Attorney's office. The contract number shall be indicated on all Invoices and/or Purchase Orders.
- 5) Department Directors have authority to sign contracts not to exceed \$5,000. The Town Manager shall sign all contracts in excess of \$5,000.
- 6) Contracts shall be filed in the department originating the contract.

E. Blanket Purchase Orders

- 1) Blanket Purchase Orders may be used for routine purchases.
- 2) The Blanket Purchase Order shall be for a specified dollar amount approved by the DPA and shall indicate the names of individuals authorized to receive the purchase.
- 3) The aggregate amount of the Blanket Purchase Order shall comply with the Procurement Policy for Informal Purchases and Formal Purchases.
- 4) A copy of the Blanket Purchase Order shall be submitted to the Management Services Department.
- 5) All blanket purchase orders shall expire at the fiscal year end.

F. Credit Applications

- 1) Credit applications received from vendors will be completed by the Management Services Department. The credit application shall indicate the DPA requesting the credit application as well as any dollar limits and names of authorized purchasers.

G. Signature

- 1) A Signature File shall be maintained by Management Services Department in order to readily identify the DPA. Signatures and initials on Purchase Orders and Invoices must be original and not stamps, computerized signatures or other facsimile.

H. Record Retention

- 1) The department authorizing the purchase is responsible for retaining the Purchase Documentation Form, requests for proposal, request for bid, request for qualifications and the responding bids, proposals, qualifications in accordance with the Town's Record Retention Policy.
- 2) All documents are subject to audit.
- 3) All grant-funded purchases will have the documentation forwarded to the Management Services Department to be retained in the Town's official records.

I. Payment

- 1) When a Purchase Order is not required, the appropriate DPA shall indicate on the Invoice the appropriate general ledger account number and initial approval of the Invoice based on the valid receipt of materials and services and approved price. The Invoice shall be forwarded to the Accounting Division for payment.
- 2) When a purchase order is required, and where a separate receiving document is received, the person receiving the merchandise shall verify the quantity and quality of the merchandise received to the receiving document, sign the receiving document, and forward it to The Accounting Division.
- 3) The Accounting Division shall match the Invoice to the signed receiving document and Purchase Order and verify that the Purchase Order was approved by the appropriate DPA. The Accounting Division will match the purchase price on the Invoice to the Purchase Order, and the quantity on the Invoice to the receiving document. The Invoice amount is deemed to be in agreement with the Purchase Order if the purchase price matches the purchase order, and if the sales tax and/or freight are within a 10% tolerance of the amount indicated on the Purchase Order. Invoices exceeding this tolerance must be approved by the originating DPA.
- 4) When a Purchase Order is required and there is no separate receiving document, the individual receiving the merchandise shall verify quantity and quality of merchandise received to the Invoice, sign the Invoice, and forward the Invoice to the Accounting Division for payment.
- 5) The Accounting Division will match the Invoice to the Purchase Order. The Invoice amount is deemed to be in agreement with the Purchase Order if the purchase price matches the purchase order, and if the sales tax and/or freight are within a 10% tolerance of the amount indicated on the Purchase Order. Invoices exceeding this tolerance must be approved by the originating DPA.

J. Refunds of Deposits, Trusts, and Agency Money

- 1) The Town may hold deposits, trust and agency money. These include such funds as demolition deposits, developer bonds, fines and fees collected for the State Treasurer, foreign court bonds, payroll withholdings, etc.
- 2) Department Directors have the authority to approve refunds and may delegate that authority to other appropriate staff as specified on the Designated Purchasing Authority form.
- 3) Refunds are not bound by the dollar limits established for purchasing.