



**CITY OF NEW PORT RICHEY  
PURCHASING POLICIES & PROCEDURES  
REVISED 10/2011**

**INTRODUCTION**

Part of the duties of Finance and Purchasing is to communicate to City management and staff the how to of requisitioning, bidding, taking credits, making sole source purchases, and a host of other procedures. These Purchasing Policies and Procedures are meant to provide clear direction to all City departments. Please let us know if any topic in this manual is difficult to understand! The revised manual is meant to be a helpful tool to facilitate doing your jobs!

Our auditors recommend manuals, such as this one, to provide benchmarks and procedures against which to audit. All of your requisitions and purchase orders are subject to annual audit!

The significance and importance of the purchasing function is, first and foremost, maintaining integrity in spending funds. Adherence to the Purchasing Policies and Procedures is vital to the smooth operation of the City. Many of these rules are stipulated in the City Code or City Charter. Therefore, the Policies and Procedures have the full force of law, and there is very little latitude to deviate from the prescribed procedures. Our goal is to not make more work for you, but to allow your organization to function in a responsible manner, well within the bounds of accountability. To the extent that your staff becomes vastly familiar with these procedures, time spent on purchasing duties will be minimized.

You will find a number of appendices immediately following the Policies and Procedures. Please be sure to reference them as they contain many of the forms now in use. In addition, the City Manager Travel & Training Policy and Procedures is included and incorporated into the overall Purchasing Policies and Procedures.

If your department requires additional copies of the Purchasing Policies and Procedures, please let us know! Copies should be kept at the workstations of individuals who frequently do requisitions and make purchasing decisions.

## DEADLINES

### I. Guidelines

A. The normal turn-around time for processing a requisition is fifteen (15) days.

Day 1 ó Requisition initiated electronically at the department level.

Day 2 ó Electronic approval by department head; supporting requisition back-up log sent to Finance by interdepartmental mail.

Day 4 ó Electronic approval by Chief Accountant to verify account codes.

Day 5 ó Buyer Processing: at this stage, vendor information and funds availability is verified and the Purchase Order is printed.

Day 7 ó The Purchase Order is signed; white and yellow copies of the Purchase Order are retained in Finance; the pink copy is returned to the initiating department.

Day 10 ó Goods received: department electronically issues receiving report and sends hard copy of receiving report to Account Payable.

Day 12 - Accounts Payable receives invoice.

Day 13 ó Accounts Payable matches Purchases Order with invoice and receiving report and electronically marks the item to be paid on the next check run.

Day 15 ó Purchase Order is paid on the next Friday.

This process may take fewer or more days depending on the original day of initiation. The time it takes for the supporting requisition back-up log to get to Finance, the length of time it takes to receive the invoice, the promptness in completing the receiving report, holidays, etc.

**If you know you need a check by a certain date, or a purchase order to obtain certain goods by a certain date, please plan accordingly.**

B. Checks are printed on Fridays. If a request has been made to pick up a check, it may be picked up after 3:00 p.m.

C. According to Florida Statutes 218.73-74 (appendix 1, Payment Must Be Made On A Timely Basis).

1. Each department should establish a procedure for each invoice to be marked with date and time of receipt.
2. Receipt of an improper invoice requires the department to notify the vendor within ten (10) days of date received by your department.
3. Payment is due thirty (30) days from date received.
4. If department holds processing an invoice longer than thirty (30) days, a written explanation (of why) should accompany the invoice and request for payment. This is necessary to comply with the Prompt Payment Act cited in Florida Statutes 218-73-74 (appendix 1). The City may have to pay interest (1% per month) if the payment is not made within thirty (30) days. The written explanation may help resolve a dispute which may arise between the City and the vendor.

## INVOICES

### **I. Guidelines**

- A. For the purchase of goods and items, the original invoice must reflect the following (faxed copies are acceptable):
1. Item description
  2. Quantity of each item
  3. Unit Price
  4. Extended price of each type of item and total price of entire invoice.
- B. For payment of services, the invoice or supporting back-up must include:
1. Itemized description of the services performed.
  2. Billing method for services (hourly rate, percentage rate of completion, or an itemized cost breakdown)
  3. The date(s) on which services were performed.
  4. A reference to the contract, if one exists. If there is no contract, then the invoice or supporting back-up should provide an explanation of why there is no contract.
- C. Other consideration (applicable to all invoices)
1. Exclude state sales tax
  2. Invoice must be dated
  3. Include on the invoice the purpose for purchasing item(s), if not obvious or documented on a Purchase Order.
  4. Invoice should have the name of the vendor and the address for payment to be sent.
  5. Invoice totals should equal totals on the Purchase Order.
  6. Any discrepancy(s) on the invoice must have a written explanation.
  7. If the original invoice is not available, a faxed copy will be acceptable.
- D. If a remittance advise or attachment is to be included with the check, send original and one copy.

### **II. Credit Memo(s)**

- A. Credit Memo(s) on invoices must be clearly marked "Credit Memo" and must be accompanied with an explanation as to why the department is receiving a credit.
- B. If the Credit Memo is the result of a returned item on an unpaid invoice, the department must contact Accounts Payable so that the amount of the Credit Memo can be withheld from payment. Accounts Payable will deduct the Credit Memo amount from the Purchase order if the purchase order has not been electronically marked for payment.

- C. If the initial purchase order and invoice have already been paid, the Credit Memo may need to be applied against a new requisition. Deduct the Credit Memo from the invoice amount to the new requisition. The total of the new requisition should be net of the Credit Memo.

## TRAVEL

### I. Policy & Procedures.

#### SECTION 1. PURPOSE AND SCOPE

This rule establishes the policies and procedures governing actual travel and training expenses for the City of New Port Richey. The rule shall govern the payment of official travel expenses for employees and council members.

#### SECTION 2. GENERAL POLICY

- A. Employees and council members traveling on official business are expected to exercise the same care in incurring official expenses that any prudent person exercises when traveling on personal business.
- B. It is the responsibility of the traveler to be familiar with these rules and be knowledgeable of the reimbursable expenses.
- C. It is the general policy of the City of New Port Richey to reimburse employees' and council members' travel and entertainment expenses on a reasonable and actual basis subject to any limitations provided for in this rule.

#### SECTION 3. DEFINITIONS

- A. Common Carrier: Common carrier includes train, bus, commercial airline operating scheduled or charter flights, or rental car firm.
- B. Travel Expenses: The actual, necessary and reasonable costs of travel, meals, lodging and incidental expenses of employees of the City, council members, or other authorized persons when meeting with persons on City business or while attending or traveling in connection with a job related conference, seminar, convention or meeting.
- C. Travel Period: The travel period is the period of time between the time of departure on official business and time of return from official business.
- D. Transportation Expense: The cost incurred by the traveler in getting from point of origin to destination and return, via common carrier, charter vehicle, privately owned vehicle or City owned vehicle.

**SECTION 4. PLANNING AND APPROVING TRAVEL**

- A. Travel Authorization: The authority to authorize travel is vested in the City Manager.
- B. Request for Travel Authorization: Each officer, council member, employee or authorized person shall complete Form TT-1 and have it approved and signed by the City Manager or his designee for all proposed travel. (See appendix 2).

**SECTION 5. RATES OF PAYMENT**

- A. Lodging: The traveler may be reimbursed for the actual cost of a single occupancy hotel room, receipt required, for travel which requires overnight absence from official headquarters. Traveler shall request tax exemption at the time the reservation is made. Tax exempt certificates (2) will be provided to the traveler by the Finance Department in advance. At the time of check-in, one certificate should be presented and tax exemption again requested, if necessary, and the rate confirmed. At check-out, these items need to be checked again, and the second tax-exempt certificate presented, if necessary. Hotel accommodations can be reserved and paid in advance with a City purchasing card. If a room is paid in advance by City check, it should be made payable directly to the hotel for the full amount of lodging and it should be requested from the Finance Department at least two weeks before departure. No reimbursements will be made for hotel rooms for any travel to a destination in Hillsborough County, Pinellas County, Pasco County, or Hernando County.
- B. Meals: Travelers may elect to have meals reasonably reimbursed at a flat per diem amount or at the actual cost, providing there is a receipt for the actual cost incurred. The following are the authorized per diem allowances for meals:

MEALS	DOMESTIC TRAVEL	DEPARTURE PRIOR TO	RETURN AFTER
Breakfast	\$6.00	7 am	9 am
Lunch	\$9.00	12 noon	2 pm
Dinner	\$15.00	6 pm	8 pm

The times for departure and return determine the meals that will be allowed for reimbursement. As an example, in order to be eligible for reimbursement for breakfast, an individual must depart prior to 7:00 a.m. and return after 9:00 a.m.

The traveler may elect to turn in receipts and ask for reimbursement for the actual cost of meals, but in no event shall the traveler be reimbursed more than \$50 per day. If there is no receipt, the per diem allowances will apply.

Meal expenses for travel greater than one day will be submitted on Form TT-2. (see appendix 3) Form TT-3 (see appendix 4) shall be used for meal expenses incurred during one day travel and will be paid on the employee's paycheck. (Meal reimbursements incurred during "Class C" travel [one day or less] are to be reported as taxable income to the employee per IRS regulations.)

No meal expense incurred within Pasco County will be reimbursed unless approved by the City Manager. Employees will **NOT** be reimbursed for any meal included in any conference or convention registration fee. Traveler is responsible for noting such meals.

## **SECTION 6. TRANSPORTATION**

- A. Route of Travel: All travel must be by a usually traveled route. When a person travels by an indirect route for his own convenience, any extra costs shall be borne by the traveler and reimbursement for expenses shall be based only on such charges as would have been incurred had a usually traveled route been used.
- B. Method of Travel:
- (1) General Requirements: The Department Head shall designate the most efficient and economical method of travel (City owned vehicle, privately owned vehicle or common carrier). The following conditions must be considered:
    - (a) The nature of business.
    - (b) The most efficient and economical means of travel (considering time of the traveler, cost of transportation and other travel expenses required).
    - (c) The number of persons making the trip and the amount of equipment or material to be transported.
  - (2) Commercial Air Travel:
    - (a) Commercial air travel will be by the most economical class (tourist or coach class). Flight cancellation insurance may be obtained and included in the cost of the airfare. First class rates will be paid if a signed statement is included on the travel reimbursement request stating that tourist or coach class was not available. If the above statement cannot correctly be made, the traveler will pay the difference between coach and first class airfare from his personal funds when the ticket is purchased.
    - (b) All unused portions of airline tickets will be attached to the appropriate travel reimbursement request Form TT-2 which will be forwarded to the Finance Department.
    - (c) Group charges may be made provided each traveler has his own ticket.
    - (d) An employee or council member traveling on official City business and wishing to alter travel plans for personal business or pleasure must pay any additional cost of transportation directly to the commercial carrier at the time of purchase and will not charge such additional transportation to the department.

(3) Car Rental

- (a) The traveler may only rent vehicles in the smaller classes. Economy or compact class vehicles must be rented except when the number of passengers and materials transported make the use of an economy or compact class vehicle impractical. If other than an economy or compact class vehicle is used, an explanation must be placed on the travel voucher justifying usage of the larger vehicle (example: used to transport business clients). Standard, mid-size, intermediate, full-size, sporty, premium, and luxury class vehicles may **only** be rented if economy or compact vehicles are unavailable, or there is a justifiable reason, pre-approved by the City Manager.
- (b) In all instances where cars are rented (charged to the City), regardless of whether reimbursement is due the traveler, a travel reimbursement request will be completed and processed through regular channels to the Finance Department no later than one week after travel is completed.
- (c) Rental cars should be rented only when the anticipated cost of using a personal vehicle or a taxi will exceed the cost of the rental car.
- (d) Rental rates for all classes of vehicles should include gasoline. If gasoline is not included in the rate, a cost of gasoline estimate should be added to the cost of the rental car.
- (e) All drivers must have a valid driver's license. Only City employees or council members may drive cars rented by the City.
- (f) All City employees or council members who rent a vehicle in the City's name are covered by the City's insurance policy. **It is not necessary for employees or council members to purchase personal accident insurance at the time of the rental. If the employee or council member purchases personal accident insurance, it will not be reimbursed by the City.** The traveler must obtain a copy of the City's insurance certificate from Human Resources prior to making the car rental arrangements.



(4) Private Vehicle: The use of privately owned vehicles for official travel in lieu of City owned vehicles or common carrier may be authorized and will be reimbursed at the mileage rate allowed by the IRS as deductible for business expense.

- (a) All mileage shall be shown from the point of origin to point of destination and, when possible, shall be computed on the basis of the official state road map published by the Department of Transportation. Point of origin shall generally be City Hall or the employee's department, facility, or headquarters. The employee's or council member's home may be used as point of origin if the mileage computation results in an amount less than the regular mileage computation from City Hall or headquarters. Mileage is allowed from office or home (whichever is less) to the airport when performing authorized travel. In addition, time of departure and time of return must be shown on the Travel Expense Report (Form TT-2).
- (b) When an individual is in travel status, vicinity mileage necessary for conduct of official business is allowable and reimbursable but must be shown as a separate item on the Travel Expense Report (Form TT-2).
- (c) Vicinity mileage to conduct official business in the local area of New Port Richey may be reimbursed when authorized by the City Manager.
- (d) In those instances where the City provides a vehicle allowance payment to an employee in lieu of a City owned vehicle as part of that employee's compensation package, then in that event the City will not make any reimbursement for private vehicle usage for travel to destinations in Pasco County, Hernando County, Hillsborough County, or Pinellas County. Mileage reimbursements for travel outside of the Tampa Bay metropolitan area may be made, subject to the approval of the City Manager.

(5) Chartered Vehicle

Transportation by chartered vehicle when traveling on official business may be authorized by the City Manager when necessary or where it is to the advantage of the City. Chartered aircraft used solely to transport employees, council members, or officers may not be used except with the prior written approval of the City Manager.

(6) Complimentary Travel

- (a) No traveler shall be allowed either mileage or transportation expense when he is gratuitously transported by another person or when he is transported by another traveler who is entitled to mileage or transportation expense. However, the traveler should still show how and with whom he traveled.

- (b) A traveler on a private aircraft shall be reimbursed the actual amount charged and paid for his fare for such transportation up to the cost of a commercial airline ticket for the same flight, even though the owner or pilot of such aircraft is also entitled to transportation expense for the same flight.

## **SECTION 7. INCIDENTAL EXPENSES**

The following incidental travel expenses of the traveler may be reimbursed upon presentation of a valid receipt:

- A. Taxis and Airport Limousines.
- B. Ferry Fares and Bridge, Road and Tunnel Tolls.
- C. Storage or Parking Fees.
- D. Communication Expenses - Telephone, fax, internet, and mail charges (business related): All reasonable expenses shall be reimbursed to the traveler. A listing of charges must be submitted.
- E. Registration Fees: Registration fees for a convention or conference to which the traveler is authorized to attend are allowed.

The City will not make any reimbursements for convention expenses associated with tennis tournaments, golf tournaments, banquet meals for spouses or children, or similar expenses not directly related to the employee's or council member's travel and registration responsibilities. Any such costs incurred shall be at the expense of the employee or council member. The City will not make any reimbursements for tips or gratuities.

## **SECTION 8. TRAVEL ADVANCEMENT**

- A. Travel advances will only be issued in the following circumstances unless otherwise approved by the City Manager:
  - (1) Expenses relating to lodging which are payable directly to the facility.
  - (2) Registrations which are payable directly to an organization.
  - (3) Charges relating to the use of a common carrier which are payable directly to the carrier or a travel agency.
  - (4) Advances for subsistence if the stay is five (5) days or longer.
- B. The traveler requesting an advanced payment for one or more of the above should so indicate on Form TT-1 in the appropriate space provided. Individual requisitions for each of the above should be submitted along with Form TT-1. This form and the accompanying requisition(s) shall be properly executed and received by the Finance Department no later than 14 days prior to departure.

- C. When the travel period has ended, the traveler will submit, within 10 days, Form TT-2 documenting the actual travel costs. The Finance Department shall then process the completed Form TT-2 in the following manner:
- (1) Funds Due Traveler: If a traveler is entitled to additional funds for a travel period, the traveler shall deduct on the Form TT-2 any travel advance made for the travel period. In addition, a copy of Form TT-1 which requested the travel advance shall be attached to Form TT-2 for documentation along with copies of all receipts. (Actual meal receipts do not need to be attached unless the traveler is requesting the "actual cost with receipts" method. If no meal receipts are submitted, the traveler will receive the stipulated per diem meal allowances per Section 5.B.)
  - (2) Funds Due City: If a traveler was advanced funds in excess of the expenses allowed or incurred for a particular travel period, the Finance Department shall obtain a refund from the traveler and then prepare a cash receipt including as documentation the executed receipt with Form TT-2 attached.
  - (3) Travel advances made pursuant to this section shall be limited to full-time employees and council members.

#### **SECTION 9. USE OF PURCHASING CARD FOR TRAVEL EXPENSES**

The City's Purchasing Card may be used by an authorized employee or council member to make travel arrangements and to pay for travel and training costs.

- A. The following are examples of what the Purchasing Card may be used to pay for:
- (1) Airfare for employees and council members only, not spouses. Flight cancellation insurance may be included in the cost of the airfare.
  - (2) Fuel for City vehicles used in official City travel.
  - (3) Lodging.
- B. The following expenses should **NOT** be charged on the City's Purchasing Card:
- (1) Meals.
  - (2) Fuel in private vehicles. [Note: the traveler will receive a mileage allowance for the use of his/her private vehicle at the rate allowed by the IRS as deductible for business expense.]
  - (3) Tips.
  - (4) Personal expenses.
  - (5) Charges, fees, or expenses relating to guest or spouse registrations and air fares.
  - (6) Personal telephone calls.

- C. Employees and council members are **NOT** to charge personal items on the City Purchasing Card with the expectation that they may reimburse the City later. When traveling and using the City's Purchasing Card, the traveler must understand that the Card is for business-related purchases and travel costs only.
  
- D. Further limitations on the use of the City's Purchasing Card are outlined in the City of New Port Richey Purchasing Card Program Cardholder Manual which is given to every eligible cardholder.

#### **SECTION 10. FRAUDULENT CLAIMS**

Any claim submitted under these rules shall not be required to be sworn to before a notary public or other officer authorized to administer oaths, but any claim authorized or required to be made under any provision of these rules shall contain a statement that the expenses were actually incurred as necessary travel expenses in the performance of official duties of the City and shall be verified by written declaration that is true and correct as to every material matter. Any person who willfully makes and subscribes to any such claim which he does not believe to be true and correct as to every material matter or who willfully aids or assists in, or procures, counsels, or advises the preparation of a claim pursuant to these rules, which claim is fraudulent or false as to any material matter, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such claim, is guilty of a misdemeanor of the second degree. Whoever receives an advancement or reimbursement by means of a false claim is civilly liable in the amount of the overpayment, for the reimbursement of the public fund from which the claim was paid.

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## CONTRACTS

### I. Guidelines

- A. In instances when a contract is required, the executed contract must be submitted with the supporting requisition back-up log.
- B. For most construction projects, the City employs the services of a registered professional architect or registered professional engineer to prepare construction bid documents including a form of "Agreement" between the City as owner and the contractor. In instances in which the City has not used a registered professional architect or registered professional engineer, the standard form "Contract for Minor Improvements" should be used. (see appendix 5) It is the department head's responsibility to complete and execute the form "Contract for Minor Improvements" for each small construction project.
- C. It is important that the building official review all plans and contracts for building construction and building improvements (i.e. City Hall improvements, Fire Station renovations) prior to the award of contract to ensure conformance with City code and the permitting process. It is the department head's responsibility to work with the building official and provide him with the construction plans before a contract is awarded.

### II. Contract Change Orders

- A. Must be approved by the City Manager and the City Council.
- B. Finance must be provided with a copy of the approved change order. Accounts payable will adjust the contract according to the approved change.
- C. Direct Costs/Extra Services which are NOT part of the initial contract or purchase order or change order will NOT be processed as part of the original purchase order. They will be submitted and paid on a separate purchase order.

## PURCHASE REQUISITION

### I. Full and Open Competition

- A. Full and open competition is a process by which all responsible sources are allowed to compete. It is the standard established for government procurement by the Competition in Contracting Act of 1984 (implemented in 1985) (CICA).

### II. Other Than Full and Open Competition

- A. Contracting, without providing for full and open competition is authorized under certain circumstances. Each contract awarded without providing for full and open competition shall not be justified on the basis of a lack of advance planning. Circumstances permitting other than full and open competition are:

1. Only one responsible source and no other supplies or services will satisfy the department's requirements. (SOLE SOURCE)
- ⌚ Supplies or services may be considered to be "sole source" if the source has submitted an unsolicited research proposal demonstrating a unique and innovative concept, the substance of which is not otherwise available to the City and does not resemble the substance of a pending competitive acquisition (another quote).
  - ⌚ Supplies may be deemed to be available only from the original source in the case of a follow-on contract for the continued development or production of a major system, or highly specialized equipment, when its likely award to any other source would result in substantial duplication of cost, which could not be recovered through competition, or results in unacceptable delays in fulfilling the City's requirement.
  - ⌚ When there is a reasonable basis to conclude the City's minimum needs can only be satisfied by unique supplies or services available from only one source or only one supplier with unique capabilities.
  - ⌚ The existence of limited rights in data, patent rights, copyrights, or secret processes make supplies and services available from only one source.
  - ⌚ When acquiring electric power or energy, gas (natural or manufactured) water or other utility services, circumstances may dictate that only one supplier can furnish the service; or when contemplated contract is for construction of a part of a utility system and the utility company itself is the only source available to work on the system.
  - ⌚ When the City Manager has determined in accordance with the City's standardization program that only specified makes and models of technical equipment and parts will satisfy the City's needs for additional units or replacement items, and only one source is available.

Please use (see appendix 6) **SOLE SOURCE JUSTIFICATION FORM** to explain commodities or contractual services that are available only from a single source. These may be excepted from the bid requirements if it is determined that such commodities or services are available only from a single source and such determinations are documented.

2. **Unusual and compelling urgency**

⌚ This circumstance applies when the City's need for supplies or services is of such unusual and compelling urgency that the City would be seriously injured unless it limited the number of sources from which it solicits bids or proposals. This may be applied if a delay in contract award could result in serious injury, financial or other to the City.

III. **Competitive Prices (Revised 10/2011)**

- A. **Informal Quotation**: is used when the dollar amount of the purchase is estimated to be above \$500 but not more than \$2,500. **Informal quotations are taken verbally and must be documented on the purchase requisition.** Award is signified by issuance of a purchase order.
- B. **Formal Quotation**: for an amount over \$2,500 per line item, and not more than \$25,000 written quotes are required with no less than three (3) quotes for the item(s) or service(s). The three (3) written quotes, from three (3) different suppliers, shall set forth the price, specifications and terms for the purchase of such items. The quote of the lowest and most responsible supplier shall be accepted, unless all quotes are rejected because the price was too high. However, in the event three (3) written quotes are not reasonably obtainable by good-faith effort, then purchases may be made on the basis of the number of quotes that are obtained, whether such number is one (1) or two (2).
- C. **Formal Bid**: A purchase requisition for over \$25,000 requires competitive bidding (City Ordinance Code, Sec 2-163) by use of competitive **sealed bids**, and, when determined that the use of competitive sealed bidding is not practicable, commodities or contractual services shall be procured by competitive **sealed proposals or quotes**.

Copies of bid forms and cover sheets provided by Purchasing (see appendix 7)

A checklist is provided to assist department head in meeting the bidding procedures of the City. (see appendix 8)

#### IV Exceptions to Quotation/Bid Process

- A. Emergency Purchase ó Competitive prices **shall not apply** when the City Council or City Manager determines that an actual emergency exists (immediate danger to the public health, safety, or welfare or other substantial loss to the City) which requires an immediate purchase of any commodity or service in order to preserve the health, safety, and/or environment of the employees or citizens of the City. Reasons for an emergency purchase do NOT include trying to take advantage of a sale or discount price, or trying to use unexpended funds on or near the last day of the fiscal year.
- B. State Contracts ó Competitive prices **shall not apply** to those purchases procured under state purchase contracts.
- C. G.S.A. Contract Price Availability ó Competitive prices **shall not apply** to those purchases when the purchase is made on an item at the price set by G.S.A. (Government Services Administration) and is considered to be in the best interest of the City. The finance department must receive a letter from the company/vendor which grants approval from the company/vendor to purchase at the G.S.A. contract price. (NOTE: State and local governments may or may not order from G.S.A. contracts)
- D. Sole Source ó Competitive prices **shall not apply** to purchases when item to be purchased is available only through a single source. (Refer to pages 13&14)



## V. Bid Procedures

- A. The City's procedures for the releasing of proposals and invitations to bid, shall include advertising once each week for two consecutive weeks in any newspaper of general circulation in the City, or in any other newspapers that are published in other communities where such services/property can be retained or purchased. Bids are also posted for Public View on the board in the lobby of City Hall. The announcement shall describe the commodities or contractual services sought and shall state the date, time and place when the City will receive, consider, and act upon such bids. All bids when presented shall be sealed and shall be delivered to the City Clerk as provided in the City Code. (Sec 2-163). Sealed bid openings will be held at City Hall in accordance with the bid specifications at a publicly announced time as determined by the Purchasing Specialist. The City Clerk, Finance Dept representative, and appropriate Dept. Head or designee will attend the bid opening. Bids will be listed on a Bids Received sheet (see appendix 9) and posted by the City Clerk.
- B. In each case the bid with the lowest price/cost and most responsible bidder shall be accepted, unless the City rejects all bids because the same are too high.

## VI. Bid Awards

- A. The Dept. Head will develop a recommendation for City Council by completing the form entitled Bid Tabulation/Recommendation (see appendix 10) or a memorandum which cites the bid title, responding vendors and their bids, and the Department Head's recommendation. This form or memo should be forwarded to the City Manager for inclusion on the next agenda (generally the Consent Agenda portion of the agenda). A copy should be forwarded to the Purchasing Specialist. At the same time, a requisition should be electronically entered so this requisition can be generated and placed on the "Purchase Payments" portion of the Consent Agenda. The final review will be completed by the Finance Department to insure appropriate papers (see below) are filed and/or are sent out to the Contractor for signature and returned to be filed in contract folder, after which the requisition is approved as a purchase order.

### Appropriate Papers:

Vendor registration form ó all bids (filed)  
Certificate of insurance ó if required (all performance projects) (filed)  
Performance Bond ó if required (all performance projects) (filed)  
Copy of executed Contract & Purchase Order (filed and copy sent to contractor)  
Confirmation of award memorandum (award letter sent to contractor)  
Any agenda back ó up (i.e. memorandum to City Council, tabulation of bids, etc.)  
Debarred List is checked ó awards over \$15,000  
Public entity sworn statements- awards over \$15,000, sent out for signature to contractor  
Service Agreements ó minor improvements, sent out for signature to contractor.

## **VII. Levels of Approval (Revised 10/2011)**

The following have the authority to approve purchases within the prescribed dollar limits:

\$ - 0 -	\$ 2,499	> Department Head
\$ 2,500 -	\$ 9,999	> Finance Director or Designee
\$ 10,000 -	\$ 24,999	> City Manager
\$ 25,000 -	Above	> City Council

All acct#4011 expenditures (Travel & Training) are reviewed first by Finance Director before signatures are obtained. The Finance Director or designee serves as signatory on all purchase orders. Electronic approvals are sufficient for the Department Head approval.

## **VIII. Emergency Purchases**

A. Definition - Any commodity or service that is required immediately in order to preserve the health, safety, and/or environment of the employees or citizens of the City. (Refer to page 15.)

### **B. Requirements for Emergency Purchases**

1. In the event of a bona fide emergency, the Department Head will contact the Purchasing Specialist or the Chief Accountant for a verbal approval of a Purchase Order prior to the purchase. The following information is required in order to obtain a verbal approval of a Purchase Order:
  - a. Vendor Name ó A vendor that accepts the City's Purchase Order (preferably on a regular basis) must be used.
  - b. Estimated Price
  - c. Account Number
  - d. Reason for Emergency (e.g. "Sewer backup on River Road (date))
  - e. Competitive Quotes (if available)
2. The Department Head shall prepare a manual Purchase Requisition and hand deliver it to Finance.
3. The Chief Accountant will verify the account number on the Purchase Requisition.
4. The Purchasing Specialist shall verify the vendor number, the availability of funds and compliance with purchasing guidelines, have it signed by the appropriate individual, and give it a manual Purchase Order number.
5. A copy of the Purchase Order is given to the Department Head or department representative. The item or service may now be purchased.

## IX. Requisition Explained

- A. The initial step to be taken by a department in need of material or services is to electronically initiate a requisition. (see appendix 11 for instructions) **NO actual purchasing action is to be taken until a properly prepared requisition has been initiated by the issuing department and a Purchase Order is printed.** The Finance Department will provide you with a pink copy of the Purchase Order as soon as it is printed and signed.
- B. A requisition will **not** be required when ordering Janitorial Supplies. These items, which are shown in the Central Supply Catalog, require completion of a Central Supply (blue-office, pink-maintenance) form. (see appendix 12 & 13)

## X. Preparing the Requisitions

- A. The department should not initiate a requisition unless funds are available. A vendor registration form must be completed and on file for all new vendors.

If not sure, call purchasing for assistance. **NO** requisition will be processed unless the vendor has a vendor number.

1. Order Quantities: When ordering items that are not perishable, order at least a three- (3) months supply. Whenever practical, order yearly requirements. Larger orders result in less paperwork and, very often, lower unit prices. Consideration must be given by each department as to the value of items ordered, the storage facilities available to the department, and the security of its facilities. Items of relatively high value or items otherwise attractive for misappropriation, should not be stored in large quantities unless adequate arrangements are made. When preparing a requisition, identify if the item is available in stock, or maybe the item should be kept in stock. (Send a request to Finance for room and approval, once approved complete new item description form and forward to Finance)
2. Description: All items requisitioned must be clearly and completely described. The description should make it very evident what is being purchased (e.g. "GT 200-Fö is not sufficient).
  - a. When describing the item, place the principal noun first and after it list any pertinent information such as size, color, finish, material, etc. For example: "Desk, steel, double pedestal, secretarial type, 60 in. by 30 in., wood finish".
  - b. If the product must meet certain grades or standards, the requisition should be accompanied by manufacturing data sheets, drawings, and list of specifications. Consult with the technical person in your department for assistance. Any special instructions or conditions that must be met should be clearly described and entered in description block of requisition.

- c. When requisitioning an item that is to be custom made, attach an adequate number of complete drawings.
  - d. If there are any special conditions to be met by the vendor or special instructions for check processing, these should be entered under the description block (e.g. shipping procedures, "Return check to Sally at P.D.", "Need check on Friday, January 29").
3. Required Department Head Approval: After the requisition has been electronically entered by the Department Head, whose approval also signifies that funds are available, must electronically approve it. Departments should not issue a requisition unless funds are available.
4. Budget Amendments: If a budget amendment is required, submit with requisition back up log. (see sample appendix 14) It shall be completed in whole dollars (no cents). The current budget figure can be found on the computer under GMBA (Accounting)/Inquiring Menu/Account Balance. The increase should always be rounded up to the next ten dollars (e.g. 10, 90, 120,130). The explanation on the budget amendment should always be explicit. Do not say, "To provide funds for over expended accounts". Budget amendments will be processed at least semi-annually, or, as needed and determined by the City Manager.
- a. The City Manager or designee is authorized to approve most inter-departmental budget amendments, provided that the total appropriation of the department shall not be changed.
  - b. Budget amendments needing approval of the City Council include:
    - 1) Budget amendments between departments
    - 2) Budget amendments which affect reserves or fund balances
    - 3) Budget amendments for un-budgeted capital outlays
  - c. Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expense in the same fund, or to create an appropriation in the fund for any lawful purpose, but no expenditures shall be charged directly to the reserve for contingencies.
  - d. A receipt not anticipated in the budget and received for a particular purpose, including but not limited to grants, donation, gifts, or reimbursements for damages, may, by budget amendment approved by the City Council, be appropriated and expended for that purpose, in addition to the appropriations and expenditures provided for in the original budget. Such receipts and expenditures shall be added to the budget of the proper fund.

## XI. Processing of Requisition & Payment for Goods/Services

- A. After electronic approval by department head, the supporting requisition back-up log is sent to Finance by inter-departmental mail.
- B. Electronic approval by Chief Accountant: The chief accountant verifies the account number(s) being used. The requisition will be returned (electronically) to the originator in the case of incorrect account numbers or insufficient funds.
- C. Buyer Processing: At this stage, the Finance Department verifies the vendor number, vendor's address, availability of funds, quantity and description. (see Preparing Requisition ) Should deficiencies exist in any of the above items, the requisition will be returned to the department for correction. (The Finance Department may call dept head for clarification) When verified and approved by the Finance Department, the Buyer Processing option is taken and a purchase order is printed. The system numerically issues P/O numbers.
- D. The Finance Department secures the appropriate authorizing signature (Section VII). After the purchase order is signed, the white and yellow copies of the purchase order are retained in finance; the pink copy is returned to the initiating department. The pink copy, with purchase order number and authorizing signature affixed, represents the purchase approval. **NO PURCHASE IS TO BE MADE WITHOUT ISSUANCE OF THIS PURCHASE ORDER DOCUMENT!!!**
- E. Goods or services are received, department electronically issues receiving report and sends hard copy of receiving report to accounts payable.
  1. If the entire purchase order is delivered in one shipment, the delivery is to be receipted in detail via the computer.
  2. Check the goods for conditions and quantity. Verify that the services received meet with the requirements of the purchase order.
  3. On the computer, complete the "Quantity Received" portion of the receiving report, indicating the actual number of each item received.
  4. The date on the receiving report should reflect the actual date the goods or services were received.
  5. Attach any delivery tickets or shipping documents to the receiving report and send to the Finance Department, Accounts Payable. Please be sure to complete and return a Property Inventory File Maintenance Form (see appendix 15) with the Receiving Report if any item is a fixed asset. **THE RECEIVING REPORT IS THE DOCUMENT WHICH INDICATES TO ACCOUNTS PAYABLE THAT THE ITEM SHOULD BE PAID!** Checks will not be prepared without a properly completed Receiving Report.

- F. Accounts payable receives an original invoice from the vendor for the items or services described in the purchase order. (see DEADLINES, Section I., page 1).
- G. Partial payments against a purchase order **will not** be made.
- H. If a contract change order is approved which will change the amount of the original purchase order, a copy of the change order must be given to the Finance Department, Accounts Payable, so that the purchase order may be adjusted. The change order documentation shall be attached to the adjusted purchase order.
- I. Accounts payable matches purchase order with invoice(s) and receiving report and electronically marks the item to be paid on the next check run.
- J. Purchase order is paid on the next Friday. Accounts payable processes a check run on every Friday, unless interrupted by a holiday or fiscal year end.

## END OF YEAR PROCEDURES

### I. Guidelines

- A. Each year the Finance Department establishes cut off procedures for the end of the fiscal year. The only exceptions would be for emergencies or services that are provided on a monthly basis (e.g. telephone, gasoline, lawn maintenance). Requisitions for these items should be submitted as soon as possible after the product or service is received.
  
- B. The date on the receiving report is extremely important at year end. The date on the receiving report should always reflect the date an item is actually received, not the date that it is being signed. All funds lapse on September 30. In order for an item to be charged to the current year's budget, it must be received by September 30, and the receiving report must so indicate. If an item is received in October, it will be charged to the following year's budget.

## FIXED ASSETS

### I. “Tagable” Equipment & Improvements

- A. All equipment, furniture, and fixtures with a unit cost of \$1,500 or more and facility improvements with a projected cost of \$10,000 or more must be assigned an inventory tag number and must be reported to the Finance Department. Items acquired at a unit cost of under \$1,500 will not be tagged, but if practical, such items should be etched or otherwise permanently marked to indicate City of New Richey property.
- B. Purchases of the above equipment, furniture, fixtures and facility improvements shall be made out of Capital Outlay line items.
- C. For a capital outlay item or fixed asset, a Fixed Asset File Maintenance Form (see appendix 15) should be prepared and submitted along with the receiving report. Failure to do so will result in nonpayment of the fixed asset.
- D. Fixed assets which are hard or impossible to tag (i.e. land, buildings) will still be issued an inventory tag number, the actual tag being affixed to paperwork retained in the Finance Department.
- E. A subsidiary ledger containing all fixed assets will be maintained by the Finance Department. If any capital items are disposed of (sale, scrap, trade, etc.), the appropriate department must prepare a Fixed Asset File Maintenance Form (see appendix 15) and submit it to the Chief Accountant in order to remove that inventory item from the fixed asset subsidiary ledger and the general ledger.

### II. Disposal

City Code 2-163 governs the sale of all property by the City. Property which is owned by the City shall either be sold at public auction or by bids from the general public. The notice of public auction or invitation for bids shall be published once a week for two (2) successive weeks prior to date of the auction or opening date of bid.



## MISCELLANEOUS

- I. **Sole Source:** There are various reasons why it may be necessary for single (sole) source procurement. It is required that written justification of sole source purchases clearly substantiate that the supplies, material, equipment or services to be purchased can be obtained from only one vendor or manufacturer. (See appendix 6, copy of SOLE SOURCE JUSTIFICATION FORM).
- II. **Reimbursement for Use of Personal Funds:** Reimbursement to City employees for items purchased with personal funds will only be made in extenuating circumstances and must be accompanied by a letter of explanation as to reason direct payment to vendor could not be made.
- III. **Discrepancies:** Any discrepancy, lack of proper documentation or unlawful governmental expenditure will be returned to the originating department with the attached explanation indicating the reason for return (see appendix 16). Correction or clarification may be made by the department and resubmitted to Finance.
- IV. **Purchases from Employees:** According to Florida Statutes 112.313, no goods or services may be purchased from a City employee.
- V. **Used Equipment:** It is not the City's policy to buy used equipment. As a fundamental principle, new equipment is to be preferred over used equipment. However, there are situations where the purchase of used or refurbished equipment should be considered. Some of these are:

When price is of prime importance and the difference in cost between new and used equipment is significant and/or the funds are limited,

Where businesses are discontinued, assets usually are liquidated and the used equipment is offered for sale.

Used equipment is often sold "as is". For the most part, no warranty or guarantee of any kind is given. The life expectancy of buying used equipment is a major concern. These factors should be considered in the purchasing decision.

VI. **Petty Cash:**

Petty cash procurements are most frequently considered for the purchase of small quantity general supply items which do not require formal inspection. The advantage of a petty cash order is the immediate payment to the supplier, which avoids the cost of processing purchase orders, receiving reports and invoices. Sales receipts and a copy of the purchase requisition for petty cash reimbursement are submitted to Accounting for audit and reimbursement.

There are several Petty Cash Funds throughout the City. Each fund has its own custodian who disburses the funds. When a purchase is made, a receipt is presented to the custodian and the custodian prepares a "ticket" which states the account number, the item, and the amount of the charge. The person who bought the items signs the ticket. The limit on Petty Cash disbursements is \$50 per transaction. There is no reimbursement of sales tax, and original receipts must be presented to receive Petty Cash Funds. When the custodian needs the funds replenished, a requisition is completed. The account numbers on the tickets are used to complete the requisition.

The requisition is then approved by the Department Head and forwarded to the Finance Department along with all tickets and receipts. The Chief Accountant or the Accountant verifies that all receipts are present, that the requisition is accurate, and that no sales tax has been paid. The Chief Accountant approves the requisition and it is processed through the Purchasing Department in the normal manner. Petty Cash checks are printed on the computer in the normal check run, and are distributed to the custodian. The custodian is notified by telephone that the check is ready. The custodian must come to the Finance Department and sign for the check in order to pick up.

The petty cash fund held by departments is currently \$175, with a maximum threshold for cash transactions at \$50. Department heads will be solely responsible for authorizing petty cash transactions; no other pre-approvals will be necessary, although the petty cash rules and procedures must be followed.

The following is a complete list of the custodians of Petty Cash Funds, their home department and the amount of the fund:

<u>Custodian</u>	<u>Department</u>	<u>Amount</u>
Utility Billing Supervisor	Finance	\$175.00
Sr Admin Asst	Parks & Recreation	\$175.00
Sr Admin Asst	Police Department	\$175.00
Library Director	Library	\$175.00
Admin Office Mgr	Public Works	\$175.00
Admin Asst	Fire Department	\$175.00

## VIII. Open Accounts:

The City has several informal Open Vendor Accounts with reputable vendors who have established long-term relationships. An Open Account enables authorized personnel to purchase materials, goods, supplies, etc., much like a credit account. The supplier invoices the City within one month of purchase. The City pays no interest on the sale.

Ideally, your department or division should have one to two authorized personnel selected to do the purchasing of goods or materials at these stores. (Departments that have shifts or offsite workers may need to revise their lists from time to time) All authorized personnel act as delegates of the respective department head. **That means the department head is ultimately responsible for each and every purchase made by the department's authorized personnel!** For your own protection it is wise to delegate only one or two employees as authorized personnel. (If you have shifts or offsite workers, the department head may want to add personnel to the list of authorized personnel for certain Open Accounts – this can be done by contacting the Finance Department)

Procedures have been developed to assure routine small orders, rush orders and emergency orders are all handled in a uniform manner, and are held to an absolute minimum. ***THIS IS A PRIVILEGE AND SHALL NOT BE TAKEN FOR GRANTED OR ABUSED.*** Please instruct all personnel on the following procedures.

Authorized personnel are to go to the customer service desk upon arrival. The store's office staff will start the necessary invoicing and billing procedures for the City's account while the authorized personnel shop. After selecting the goods, the authorized personnel proceeds to the appropriate check out cashier where the order is totaled and packaged; authorized personnel will sign their name on the receipt with their division number, which will complete the transaction.

Although these procedures may assist you in purchasing an item in a more timely manner, ***you must*** still follow the Purchasing Policies & Procedures for getting quotes. Refer to III. Competitive Prices under "Purchase Requisition".

The above named Supplier/Vendors may occasionally find it necessary to revise their In-Store-Policies regarding open credit accounts. They also have employee turnover, so be patient with the help at these stores. If you encounter a problem please notify the Finance Department at once. Memos to departments will alert you to any changes in the Open Account procedures and policies.

The City also has a membership in Sam's Club. A department may take advantage of making a purchase at Sam's as long as the purchasing guidelines are adhered to. The Finance Director will submit an annual list of all cardholders and their limits to the City Manager for approval.

#### VIII. Bank Card Program

The City has a Bank of America Purchasing Card Program. The Finance Director will submit an annual list of all cardholders and their limits to the City Manager for approval.

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