



# **PURCHASING POLICY**

## **2017 EDITION**

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## SECTION 1: PURCHASING ROLES AND RESPONSIBILITIES

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### PURPOSE

This document provides policies and procedures for the purchase of goods and/or services by City employees. The policies and procedures for handling the disposal of obsolete and/or surplus property are also outlined. Our mission as civil servants is to procure goods and services that are in the best interest of the City. Our goal is to obtain goods and services of the highest quality, at the lowest cost, and to assist all departments with any procurement needs. **The City Manager has delegated the implementation of the City's Purchasing Policy and Procedures to the Finance Department.**

### FINANCE DEPARTMENT RESPONSIBILITY

The Finance Department ensures that the purchase of all materials, supplies, equipment, and services required by the City departments meet the requirements of all other applicable laws and regulations as well as generally accepted moral and ethical standards. **The Finance Department's responsibilities are derived from the need to serve in the best interests of the citizens of Claremore.**

These responsibilities include but are not limited to the following:

- Observing the various laws governing public purchasing and the policies, procedures and guidelines;
- Procuring and managing all goods and services acquired on behalf of the City;
- Reviewing Bid specifications, Request for Proposals, and Contracts to assist in ensuring compliance with the purchasing policies;
- Using the law and the purchasing policies and procedures to contract supplies, equipment, and services;
- Ensuring full and open competition on all purchases, if possible;
- Updating the website on all electronic bid/Request for Qualifications (RFQ)/Request for Proposal (RFP) data, and
- Disposing all obsolete and/or surplus property.

The Purchasing Policy includes the following information:

- Submitting requisitions for supplies, materials, equipment, and services required by all departments.
- Handling bids including but not limited to: opening, tabulation, rejection (if necessary), and determining the lowest responsible bidder.
- Making emergency purchases.
- Disposing of obsolete and/or surplus property.
- Questioning purchases which do not appear to conform to the established policies and procedures' and
- Reviewing all requisitions to ensure accuracy and completeness, including all required supporting documentation.

### DEPARTMENTAL RESPONSIBILITY

It is each Department Head's responsibility to:

- Adhere to the policies, procedures, and guidelines when obligating the City's funds for purchases of goods or services.

- Department Heads should pay particular attention to the policies, procedures and guidelines when purchases are made without a purchase order in place.
- Recognize competition results in better value to the City and is required by federal and state law, except in specific special cases.
- Process requisitions for materials, supplies, equipment, and services according to the Purchasing Policy.
- Provide complete and adequate supporting documentation for all requisitions as per the Purchase Order guidelines in the document.
- Consider the required time lines for the Finance Department to solicit bids and plan your bidding process accordingly to avoid increased or questioned costs.
- Ensure that budgeted funds are available for item(s) requisitioned and in the appropriate budget account(s).
- Prepare technical specifications for Bids and Requests for Proposal.
- Promptly inform the Finance Department of any unsatisfactory product or vendor performance.
- Inform the Finance Department of any obsolete and/or surplus property.

## SECTION 2: PURCHASING STANDARDS

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### GENERAL

- Members of the City Council or employees of the City shall not benefit or profit from any contract with the City.
- Also, no councilmember, City employee, or business in which any councilmember, City employee, or spouse of councilmember or City employee has a 25% or more proprietary interest shall engage in any of the following:
  - selling, buying, leasing property, real or personal, to or from the City;
  - contracting with the City; or
  - buying or bartering for or engaging in any bonds, warrants, or other evidence of indebtedness of the City.
- Any purchase or contract for goods or services that is obtained by any officer or employee of the City contrary to the provisions in this policy shall be **voided** and will **not considered** to be an obligation of the City.
- No bidder may submit more than one (1) bid or proposal for any single solicitation.
  - Reasonable grounds for believing that a bidder is interested in more than one bid for a contract will cause rejection of all bids in which the bidder is interested.
  - Any and all bids may be rejected if there is reason for believing that collusion exists among bidders.
  - Participants involved in such collusion may not be considered for future bids for the same contract.
  - As a condition of submitting a bid, bidders are required to certify that the bidder is not a party to any collusion between bidders for the contract.
- A bidder's response for a Request for Bids may withdraw the bid from consideration at any time before the time set for the opening of bids.
- The City of Claremore reserves the right to reject any and all bids and proposals.

- All requirements for good and/or services shall be processed through the Finance Department.
  - All goods and services will be budgeted in the appropriate line item number prior to submitting the requisition to the Finance Department.
  - Department Heads are required to ensure their budgets have sufficient funds to pay the expense of the good or services.
  - Funding for the line items must be encumbered by a properly authorized purchase order prior to obtaining any goods or services.
- Services or goods that have been approved by City Council during the Budgeting process do not need to be re-approved by City Council prior to purchase.
- Any services or goods over \$50,000 that are not included in the current fiscal year's budget must be approved by City Council.
- The City shall purchase from suppliers who have adequate financial, management, and service capabilities; high ethical standards; and the ability to provide materials which meet the City's requirements.
- Any officer or employee of the City of Claremore may be held personally liable for the cost of contracts or purchases and may be subject to disciplinary action, including termination, if the contracts and/or purchases were not made in compliance with the terms of this policy. If such contract or purchase has already been paid out of City funds, the amount may be recovered by the City by deduction from that person's compensation or by appropriate legal action.
- The purchase thresholds for obtaining quotes or bids is **\$3,001** and **\$50,001**, respectively. Under no circumstances shall requisitions be "split" into smaller requisitions in an attempt to circumvent stated procurement and purchasing policies.
- To ensure shop compatibility, specifications for purchases of vehicles and rolling stock such as heavy equipment, lawn mowers, motorcycles, etc. **must** have Fleet Management approval by e-mail **prior** to submitting to the Finance Department.
- Construction and/ or remodel projects of any amount shall be approved by the City's Engineer or the City's contracted engineering firm by e-mail prior to submission to the Finance Department. If there are questions regarding what constitutes a construction or remodel project or who is the City's current contracted engineering firm, please contact the Finance Department.
- The City Manager may determine that purchases made from another political subdivision and/or a department or agency's Vendor List satisfies the procurement process and may make the purchase the same as if it was procured by the City of Claremore.
- The City of Claremore may alter its purchasing procedure in order to participant in a reverse online auction for the purchase of goods, materials, or to award a contract for public improvements as allowed by State of Oklahoma law.
- The City of Claremore will follow Oklahoma statutes for utilizing lease/purchase in the event it becomes necessary to complete major purchases by lease/purchase. In the event that there is a conflict between this policy and the State Statutes, the State Statutes will have precedence over this policy.
- The Finance Department will not accept any payment requests 60 days or older from the date of the invoice without a written explanation from the Department Head explaining why the payment was submitted late.

- Copies of initial or renewal agreements or contracts must be submitted to the Finance Department prior to any payment being made. Electronic copies of the documents are preferred.
- In order to process payments from a contract, invoices with supporting documentation must be submitted to the Finance Department before a requisition can be authorized and a PO issued.
- The Finance Department does two (2) check runs per month. In order to ensure payments are processed in a timely manner and to avoid subsequent late fees, please refer to the Finance Department Payment Calendar located on the shared drive.
- ***Payment requests submitted after the current check run deadline will not be paid until the next check run.***

**These purchasing standards are intended to be followed for the normal purchasing actions of the City of Claremore. However, if the City is working through a grant process or with another governmental entity that has more stringent purchasing requirements, the requirements of the grant or more stringent procedures shall be followed.**

#### **GUIDELINES FOR PURCHASING EQUIPMENT, MATERIALS, AND SERVICES**

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- Department Representatives are required to ensure the City receives the lowest and best price for any and all purchases.
- The Department Head's original signatures are required for all purchases over **\$3,001**.
  - The Department Heads can designate a representative to authorize purchases **over \$3,001** by submitting a written request to the City Manager for approval.
  - Requests for designated representatives will remain in effect until removed by the Department Head or City Manager.

Department representatives are responsible for:

- Identifying need;
- Obtaining quotes if necessary;
- Ensuring accuracy;
- Checking budget availability;
- Requesting Purchase Order (PO) unless paying with p-card;
- Attaching all appropriate and complete documentation for all purchases (receipts and quotes);
- Ensuring all requests are submitted to the Finance Department in a timely manner; and
- Obtaining required authorizations from the Fleet Management or the City's Engineering Firm prior to purchase.

Steps for requesting a **Purchase Order** (PO) and completing Purchase:

- Fill out requisition request in Incode
- Attach appropriate supporting documentation
  - Appropriate supporting documentation includes any document that verifies the amounts on the Claim Form that is being requested for payment. This includes but is not limited to: invoices, bills, and, if appropriate, quotes, approval e-mails, and Council Minutes.

- Once approved PO is received and purchase is made, return the PO and documentation to Finance for payment.

Quotes are considered complete when the following information is included:

- Company name
- Contact name
- Address
- Phone number
- Email address if applicable
- Units
- Price per unit
- Total price

If additional assistance is needed to clarify what type of procurement process is necessary prior to purchase of an item or service, please contact the Finance Department.

### **Purchasing Goods or Services from the State Contract, GSA or NJPA**

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*State, GSA or NJPA contracts are encouraged to be utilized for purchases.*

**Oklahoma Contracts:** [https://www.ok.gov/DCS/Central\\_Purchasing/index.html](https://www.ok.gov/DCS/Central_Purchasing/index.html)

**GSA Contracts:** <https://www.gsa.gov/acquisition/purchasing-programs/gsa-schedules>

**NJPA Contracts:** <https://www.njpacoop.org/cooperative-purchasing/>

- Three (3) quotes do not have to be obtained when purchasing from one of the above.
- A copy of the contract showing the price and description of the item being purchased must be included in the supporting documentation for the requisition and subsequent Claim.
- Contract numbers must appear on all documentation for the purchase including the requisition.
- City Council approval is required for any purchase over \$50,000 unless already approved through the budget process.

Any additional items beyond the base price of original item will be considered on a case by case basis.

There may be times in which the need may arise to purchase items from another state's contracted vendor's lists. Purchases made from the State Contracting Lists of Arkansas, Kansas, Missouri, and Texas will not be required to go through additional procurement processes.

Any time an item or service is not purchased by State Contract, regular procurement processes must be followed. The State Contract, GSA or NJPA may serve as one of the three (3) required quotes in the event another vendor has a like item or service for a lower price.

### **PURCHASE THRESHOLD LIMITATIONS/DEFINITIONS INCLUDING PURCHASING CARDS**

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#### **Purchase Amounts**

Up to **\$3,000**: Open Market purchase

**\$3,001 to \$10,000**: Minimum three (3) quotes required

**\$10,001 to \$50,000**: Minimum three (3) written quotes required.

**\$50,001 and above**: Formal Bid/RFP process required

### **Purchases up to \$3,000**

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Expenditures for goods or services **\$3,000 or less** do not require competitive bidding and may be purchased in the open market. However, departments are encouraged to compare like goods and services for competitive prices.

- Does not require Department Head or Department Representative signature
- Receipts are required for payment.

### **Purchases of \$3,001 to \$10,000**

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Expenditures for goods, services, or construction where the estimated cost is between **\$3,001 and \$10,000** shall only be made after obtaining a minimum of three (3) price quotations. Quotes may be solicited by phone, fax, internet, e-mail, or mail (written is preferred). Quotes shall be for similar items that reflect the same quantity, and quality of item(s) specified.

- Requires Department Head original signature on each Purchase Order submitted for payment
- Requires quotes submitted electronically with all requisitions and p-card purchases
- If the quotes are obtained by phone the Telephone Quote Form must be completed and attached.
- Lack of responses for the solicitation must also be documented.

### **Purchases of \$10,001 to \$50,000**

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Expenditures for goods, services, or construction where the estimated cost is between **\$10,001 and \$50,000** shall only be made after obtaining a minimum of three (3) **written** price quotations. Quotes must be received on the quoting vendor's letter Head with a signature, internet/ website quote, or an e-mail from the vendor. Quotes shall be for similar items that reflect the same quantity, and quality of item(s) specified.

- Requires Department Head original signature on each Purchase Order submitted for payment
- Requires quotes submitted electronically with all requisitions and p-card purchases
- Lack of responses for the solicitation must also be documented.

### **Purchases of \$50,001 or more:**

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Expenditures for goods, services, or construction projects of **\$50,001 or more** shall be made after the solicitation of sealed bids or proposals and approval of award by the City Council. Once City Council approves award, the following applies:

- Department Representative defines the scope of work and prepares specifications, and submits to Finance
- If bid is for construction, the City's contracted engineering firm must approve all specs prior to solicitation.
- Finance prepares a bid package, assigns bid number and publishes request for bid.
  - The bid schedule is determined and normally closes twenty-one (21) days from issue date.
  - Bid will be publicly opened and read aloud.
  - Department Heads will review bids and select winning bid to be awarded at the next available City Council meeting.
- Any bid awarded other than the lowest price, requires written justification of award.



- If for any reason the vendor awarded the bid cannot fulfil the terms of the contract, the Department Head can solicit City Council to award to the second ranked bidder.
- If no bids are received, the Department Head must resubmit for another bid process.
- Requires Department Head original signature on each Purchase Order submitted for payment
- Requires invoices submitted electronically to requisition

## **Professional Services - Request for Proposals/Request for Qualifications**

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### **Definitions:**

- Professional services are services performed by persons licensed as professionals such as attorneys, architects, etc.
- A Request for Proposal (RFP) is a published document that solicits proposals from potential suppliers through a bidding process by the City to procure a commodity, service, or valuable asset.
- A Request for Qualification (RFQ) usually refers to the pre-qualification stage of the procurement process. Only those respondents who successfully respond to the RFQ and meet the qualification criteria will be invited to bid on the subsequent RFP process.

It is required that procurement of professional services of **\$20,001 or more** be made by solicitation of sealed proposal. Professional services shall be initially selected based on the bidder's response to the RFP; however, the availability to negotiate a fair price will be a factor in execution of an agreement.

***The Professional Services purchase threshold is the total billed costs per vendor for the duration of the fiscal year (July 1 – June 30).***

### **Up to \$3,000**

- *These purchases do not require quotes prior to purchase. Receipts and/or contracts are required for payment.*

### **\$3,001 to \$20,000**

*This purchase amount requires 3 quotes by phone, email or internet.*

- If the quotes are obtained by phone the telephone quote form must be completed and attached.
- Receipts and/or contracts are required for payment.

### **\$20,001 and Over**

*This amount requires a Request for Proposal to be sought.*

- City Council approval required prior to publication of RFP.
- Department Heads identify the scope of work and specifications and submits to Finance for publication.
- Finance prepares RFP package and submits request for qualifications.
  - The RFP schedule is determined and normally closes twenty-one (21) days from issue date.
  - RFP's will be publicly opened and read aloud.
  - Department Heads will review and select winning vendor to be awarded at the next available City Council meeting.
- Any RFP awarded other than the lowest price requires written justification of award.

- If for any reason the vendor awarded cannot fulfill the terms of the contact, the Department Head can solicit City Council to award to the second ranked vendor.
- If no RFP's are received, the Department Head must resubmit for another RFP process.

### **Emergency Purchases**

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In the event of public calamity where immediate procurement of supplies or services are necessary to preserve City property, or to preserve or protect the life, health, or convenience of the citizens of Claremore, emergency purchases are allowed.

- For **all** emergencies, Departments must contact the City Manager or the acting City Manager for approval.
- Department Heads must approve all emergency purchases when submitting for payment.
- During regular business hours, Department shall complete a requisition and contact the Finance Department to expedite the PO process.
- Outside of regular business hours, Departments will make the purchase and provide a Memo of Justification the next business day when submitting a requisition for purchase.
- If purchase amount is over **\$50,001**, City Council must be notified at the next council meeting after emergency expenditure.

### **Sole Source Purchases**

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In the rare circumstance where there is only one supplier for a product or service due to proprietary rights or other limitations, a purchase may be made to that vendor without competitive bidding.

- **\$3,001 up to \$50,000** shall require a memo of justification and **approval from the City Manager**
- **\$50,001 or more** shall be **approved by the City Council** prior to purchase.
- Once approved, Sole Source vendors are good for two (2) consecutive years.
- If the vendor is used for multiple purchases, one approved sole source memo can be used for two (2) consecutive years.
- At the end of the two (2) year period, sole source vendors must be re-evaluated to determine if they are still the only choice.
  - Evaluation may include but is not limited to price comparisons, software enhancements and compatibility with existing systems, new possible vendors, and upgrades.
- If the sole source vendor changes at any point in the two (2) year effective period, the sole source must be re-procured.

When submitting the initial Sole Source requisition, the approved memo must be included with any other supporting documentation.

### **Annual Memberships, Dues, and Subscriptions**

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Annual Memberships, dues and subscriptions paid by requisitions must contain supporting documents for the expenditure of funds. When paying memberships and dues, it is necessary to provide proof of membership in the organization that the membership fees or dues are being paid. These documents may include but are not limited to: invoices, e-mails from the organization, postcards, membership card, etc.

## **Open Purchase Orders**

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Open purchase orders enable departments to obtain recurring supplies or services without having to go through the requisition process each time. *Open PO's are for multiple purchases from one vendor over the course of the fiscal year.* An Open PO order can be for any amount; however, the guidelines below must be followed:

- **Up to \$3,000** can be opened without written quotes.
- **\$3,001 to \$10,000** require three (3) telephone or written quotes on any one invoice that exceeds \$3,000.
- **\$10,001- \$50,000** require three (3) written quotes for any one invoice that exceeds \$3,000.

## **Employee Travel and Reimbursements**

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Employees may be reimbursed for expenses incurred for normal business purposes including travel and meals. A PO with a Travel Expense Form attached is required for reimbursement. Receipts or invoices are required for hotels, airfare, or rental cars (if approved by City Manager). Itineraries, agendas for meetings and/or conferences are required for per diem i.e. meals and incidentals. Per diem rates are available on the GSA website at [www.gsa.gov](http://www.gsa.gov) . If personal vehicle mileage is incurred during the course of travel, a Google map or other verifiable form of distance is required for reimbursement. Reimbursements without proper documentation will not be accepted.

**The Travel Expenses Form as well as samples of documentation and how to calculate per diem can be found on the [Public Share Drive](#) under [Finance/Travel Reimbursement](#).**

## **Other Purchasing and Payment Methods**

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### **City Purchasing Card**

City Purchasing Cards are the property of the City of Claremore and issued to individuals for authorized purchases only. It is the responsibility of each Department Head to properly control and monitor credit card use by employees.

- Credit card use is subject to normal Purchasing policies and procedures.

### **Direct Pay Form Check Request**

A Direct Pay Form may be used for payment for purchases of supplies or services when issuing a Purchase Order or using a p-card is not possible. The completed form along with pertinent documentation should be forwarded to the Department Head for approval and then to the Finance Department for preparation of the check.

**The Direct Pay Form can be found on the [Public Share Drive](#) under [Finance](#).**

## **SECTION 3: TRANSFERS AND DISPOSAL OF SURPLUS AND/OR OBSOLETE PROPERTY**

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- All property owned by the City which is surplus or has become obsolete must be reported to the Finance Department for removal from the Asset List and possible sale.
- Surplus or Obsolete property may be disposed of by public auction, internet auction, obtaining quotes from a minimum of three (3) vendors, or by sealed bid.
- City Council must approve all disposals of property valued over **\$12,500**.
- **The Finance Department must be notified of any intra-Department transfers prior to the transfer.**

## **Step-by-Step Procedure for Disposal of City Property**

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### **Value Up To \$12,500**

Department representative completes the **Asset Transfer - Retirement Form** located on the Public Shared Drive under Finance. Department representative forwards the completed form to Finance and asset will be considered for the next public auction.

### **Value over \$12,501**

The Department representative will prepare an agenda item to present to the City Council to declare the item as surplus or obsolete.

- Department Representative completes the **Asset Transfer - Retirement Form**.
- Department Representative forwards the completed form and City Council Minutes to Finance for the asset to be considered for the next public auction.

### **Intra-Department Transfers**

Prior to transfer of equipment to another department, the Department Representative will notify Finance of the transfer to ensure asset records are correct and fuel cards and insurance is transferred to the correct Department.

- Department Representative will complete an **Asset Transfer - Retirement Form** and return to Finance Department to finalize the transfer.
- Finance will notify City Clerk of all transfers.

**The Asset Transfer - Retirement Form can be found on the [Public Share Drive](#) under [Finance](#).**

## **SECTION 4: PURCHASE ORDER GUIDELINES**

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In order to ensure that Purchase Order Claim Forms are processed as quickly and accurately as possible, the following guidelines must be met:

- White out is prohibited on the **Purchase Order Claim Form**.
- Corrections to the content on the form must be lined out, initialed, and dated.
- The **Purchase Order Claim Form** must be completed upon submission to the Finance Department.
- The **Purchase Order Claim Form** must contain an original signature.
- **Purchase Order Claim Forms** that do not meet these standards will be returned to the Department for corrections.

As stated above, the Finance Department does two (2) check runs per month. In order to ensure payments are processed in a timely manner and to avoid subsequent late fees, Purchase Order Claim Forms must be submitted by Thursday after the City Council Meeting.

***Purchase Order Claim Forms submitted after the current check run deadline will not be paid until the next check run.*** Please see the Finance Department Payment Calendar on the shared drive.

## **SECTION 5: END OF FISCAL YEAR PROCESSES**

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*At the end of each fiscal year (June 30<sup>th</sup>), all Purchase Orders and Invoices for the current fiscal year must be closed out. The Finance Department requires the following information to ensure smooth transitions from one fiscal year to the next.*

### **ROLLOVER AMOUNT(s):**

Department Heads are responsible for submitting the following information to the Finance Department no later than the last week of June. The email should contain the following information regarding any pending project(s):

- Name and address where the project is taking place,
- How long will it take to get the project done,
- The dates and amounts of projects,
- The proper supporting documentation, and
- If there is **any retainage at June 30th**.

### **PURCHASE ORDERS and INVOICES:**

- All POs close on **June 30 at 5:00 pm** unless there is a PO that **will not invoice for payment** until July for June services.
  - If this occurs, please submit a list of those POs to the Finance Department via email so they may be kept open.
  - Department Heads are responsible for submitting the list of open POs to the Finance Department by **June 29<sup>th</sup>**.
  - Department Heads are to contact the vendor to ensure delivery of the invoice prior to **July 20<sup>th</sup>**.
- All PO's and invoices for the previous year turned in to the Finance Department for payment by **5:00 PM on July 20<sup>th</sup>**.
- Failure to submit purchase orders for payment before the end of the fiscal year will result in voiding the current PO.
- A new PO will be required to be opened for the next fiscal year and the use of the new fiscal year's funds will be utilized to cover the amount of the encumbrance.