

CITY OF GLENN HEIGHTS



PURCHASING MANUAL

(12/29/09)

TABLE OF CONTENTS

I. INTRODUCTION

II. PURCHASING PROCEDURES

Petty Cash (Attachment "A")

Expenditures for Goods or Services \$1-\$2,999

Expenditures for Goods or Services \$3,000-\$49,999

Expenditures for Goods or Services over \$50,000

Conflict of Interest/Disclosure Statement

(Attachment "D")

(Attachment "E")

Sole Source Purchases

Cooperative Purchasing Programs

Request for Proposal (RFP)

High Technology Purchase

III. PURCHASING CARD PROCEDURES

Credit Card Purchases

- IV. PURCHASE REQUISITION
 - Purchase Requisition (Attachment “B”)
- V. CAPITAL ASSETS
- VI. INVOICING
 - Check Request (Attachment “C”)
- VII. EMERGENCY PURCHASE
 - Emergency Purchasing Policy
- VIII. SPECIFICATIONS
- IX. GENERAL INFORMATION
 - Insurance Requirements
 - Signatures/Authorization
 - Avoiding Duplicate Purchases
 - Disposition of Entity’s Property
 - Code of Ethics
 - Bid Openings
 - Bidder’s Protest Procedures

I. INTRODUCTION

Purchasing, a division of the Finance Department, is designated as the central procurement and property disposal function for all departments of the City of Glenn Heights. It is responsible for assisting all departments in locating and securing supplies, equipment or services in the most efficient and economical way. The Purchasing division operates as a service agency and should be included in all stages of acquisition; from the planning stages, to the ordering and receiving. The intention is not to influence what is purchased but to utilize the division's, knowledge and expertise of purchasing techniques and products. It ensures compliance with the State's competitive bidding statutes and the City's Purchasing Policy.

II. PURCHASING PROCEDURES

The following purchasing procedures are outlined in accordance with the dollar threshold of the level of expenditure. The user department may obtain all quotations below \$3,000. Three quotes **are required** on **all** purchases over \$501 and must be submitted with the purchase order. The Department Head **must** handle all purchases estimated over \$3,000.

Petty Cash

After Department Head permission is obtained, minor purchases of goods or services that are less than \$100 may be purchased by the department directly from the vendor. The cost is reimbursed from the Petty Cash Fund upon presentation of a paid invoice and a signed Petty Cash Voucher Form. This form is available through the Finance Department. Petty cash is issued by the Department's Administrative Assistant or the Accounts Payable Clerk at all City Municipal Centers. The procurement of goods or services over \$100, (which cannot be purchased from the Petty Cash Fund) must be submitted on a Direct Purchase Order or a Purchase Requisition.

Expenditures for Goods or Services \$1 - \$2,999

Departments are allowed to make purchases up to \$500 without obtaining 3 quotes.

Expenditures for Goods or Services \$3,000 - \$49,999

Expenditures for goods and services of \$3,000 but not exceeding \$49,999 are bid on an informal basis. Texas Local Government Code Chapter 252.0215 requires that a municipality, in making an expenditure of \$3,000 but less than \$50,000, shall contact at least two Historically Underutilized Businesses (HUBs) on rotating basis, based on information provided by the General Services Commission. Once the bids have been received and the apparent low bidder has been identified, the Department Head shall submit a purchase requisition accompanied with a memorandum recommending a bidder. When the Department Head receives all the required information a written recommendation for approval is submitted to the Finance Director and the City Manager. After authorization has been received, the purchase requisition is processed.

Expenditures for Goods or Services \$50,000 and Over

Expenditures over \$50,000 are bid on a formal basis and require City Council approval. All departments are encouraged to plan their purchases a minimum of six (6) weeks in advance to allow time for the processing of bid specifications and advertisements.

Bids for goods or services costing more than \$50,000 must be advertised in the local newspaper for two (2) consecutive weeks and may be opened the following week. Once the bids are formally opened and tabulated, they are sent to the Department Head. The Department Head evaluates the bid proposals and submits a written recommendation to the Finance Director and the City Manager. At that time, the item can be placed on the City Council Agenda.

Conflict of Interest/Disclosure Statement

- ❖ Chapter 176, Local Government Code was passed during the 2005 legislative session and became effective on January 1, 2006.

Vendor:

- ❖ The statute requires vendors conducting business or seeking to conduct business with a City to file a Conflict of Interest Questionnaire. (Attachment D) with the City Secretary's Office no later than seven (7) business days after contract negotiations begin or after an application, bid or other writing relating to a potential contract is submitted to the City.
- ❖ Vendors conducting long-term business with the City must keep their Conflict of Interest Questionnaire up-to-date by re-filing annually or upon an event that would make the questionnaire inaccurate.
- ❖ Vendors commit a Class C misdemeanor for failing to submit the Conflict of Interest Questionnaire.

Local Government Officer:

- ❖ The statute requires that mayors, council members, city managers or department heads, and certain other city officials (all referred to as "city officers" throughout this article) file a Conflict Disclosure Statement (Attachment E) with the City's records administrator (usually the City Secretary) within seven (7) days of becoming aware of either of the following situations:

1. A City officer or the officer's family member (parent/child, brother/sister, son-in-law, daughter-in-law, etc.) has an employment or business relationship that results in taxable income with a person who has contracted with the City or with whom the City is considering doing business.
2. A City officer or the officer's family member receives and accepts one or more gift with an aggregate value of \$250 in the proceeding twelve months from a person who conducts business or is being considered for business with the officer's City.

Sole Source Purchases

A written memo explaining and fully describing the conditions that make the supplier a "sole source" should accompany requisitions for any goods or services, which can only be supplied by only one source. The memorandum shall accompany the Purchase Requisition, the invoice and check request and shall be filed with the Finance Department for audit purposes.

Cooperative Purchasing Programs

Pursuant to Section 271.081, et seq., cooperative purchasing programs give volume purchasing power to local governments. Under such programs, the City can purchase goods and services from state term contracts. TXMAS contracts, and piggyback contracts, including co-op contracts established by local Councils of Government and through affiliation with TML. Using these services through the State of Texas CO-Op will meet the City's competitive bidding requirements. The Department Head and the Finance Director should check these sources, especially in the case of sole source procurements, to see if the goods or services sought may be obtained through any cooperative sources.

Request for Proposal (RFP)

Competitive proposals are similar to competitive bids, but are limited in scope by Texas Statutes. They can only be used for procurements of high-technology products or services.

The main differences between proposals and bids are:

- ❖ The specification is written using performance standards rather than a description of the goods or services. The specification also lists the factors by which the proposal will be judged, and the weight to be given to each factor.

- ❖ Vendors submit Proposals of their own design for a system to satisfy the requirements set forth in the RFP. Proposals may incorporate entirely different hardware or services to accomplish the same performance.
- ❖ After Proposals are received, the municipality may enter into negotiations with as many vendors as have submitted feasible Proposals in order to arrive at the best possible Proposal for each vendor.

Although there is no legal requirement to do so, RFPs are often used to procure professional or personal services. While the Professional Services Procurement Act (VTCA Government Code, Chapter 2254), prohibits using competitive bids to procure those covered professional services, there is no problem with using a concept based on the competitive proposal to obtain qualifications and rates charged for professional services from interested professionals. The only requirement is that the selection not be based on the rates but on the qualifications of the vendor.

High-Technology Purchase

A RFP is used when purchasing services of a highly technical nature such as the Following;

- ❖ Data Processing equipment and software,
- ❖ Telecommunications equipment, radio and microwave systems,
- ❖ Electronic distributed control systems such as building energy management systems.

Specifications are written as a Request for Proposal instead of a Request for Bid. All evaluation criteria must be defined. The award of the contract does not have to go to the lowest bidder, but to the best-quoted proposal.

III. PURCHASING CARD POLICY

The Purchasing Card is a credit card that can be used for small purchases. It is a fast and flexible tool to be used for purchases under \$2,999. The card is to be used only for official city purchases; any other use is a violation of the Personnel Policy and is subject to disciplinary measures.

Instructions for Using Purchasing Cards:

1. Department Head should check the budget to verify that funds are available to cover the purchase.
2. If the purchase is under \$2,999 including shipping fees, and within the designated card purchasing limit, proceed with the purchase either at the vendor location, by phone or online.

3. Make certain the vendor is aware of the "Tax Exempt Status". If an exemption certificate is needed, call Finance to have one faxed to the vendor.
4. Obtain a copy of the charge/sales receipt or packing list, and submit to the Administrative Assistant for processing.
5. Statements are distributed once per month and given to the Administrative Assistant(s) for reconciliation and coding.
6. When processing check requests, correct coding of account information is imperative, be sure to include all back up documentation and submit to Department Head for approval.
7. Completed check requests (Attachment C) are submitted to Finance Accounts Payable Clerk for final processing.

IV. PURCHASE REQUISITION

Purpose of a Purchase Requisition

The Purchase Requisition (Attachment B) is an instrument designed to expedite and control buying for the City. It is used in all large purchases over **\$2,999**. Three quotes (Internal Quote – Attachment F) must be obtained and documented on the Purchase Requisition. All back-up documentation shall be attached to the Purchase Requisition and submitted to the Department Head for approval of the purchase.

****Some Vendors may require a "purchase order"; in that case, issue the vendor a purchase requisition number ("PR number"). The PR number will be issued by the Accounts Payable Department.**

V. CAPITAL ASSETS

Identifying Expenditures for Capital Assets

Capital assets are purchases for real and personal property (such as land, buildings, fixtures, furniture, vehicles, and equipment) classified as line item "Capital Outlay" in the City's budget and meet the following guidelines:

1. The expected full useful life must be one year or more;
2. The original unit cost of the item should be \$5,000 or greater. The cost should include all delivery fees, installation, and accessories, and/or any reasonable and necessary costs incurred to place the asset in its intended location and prepare for its intended use;
3. The item must not be consumed, unduly altered, or materially reduced in value immediately by its use;

4. If the item is to be part of a set or multiple units, and the total value of the set is \$5,000 or greater, then it should be considered a capital item asset;
5. Expenditures that increase the existing life of an asset and/or add value to existing asset; or
6. Other items as defined by generally accepted accounting principles.

Items not Considered Capital Assets

1. Items that require regular replacement because of rapid wear;
2. Any item where a one-time use of the item will destroy it; or
3. Maintenance on an existing fixed asset to merely return the item to a functioning product, such as equipment repairs and clearing underground water and sewer lines.

VI. INVOICING

As goods and/or services are received, invoices are processed. A check request is processed by the Department and approved by the Department Head. Copies are retained by the Department and then forwarded to the Finance Department for payment.

VI. EMERGENCY PURCHASES

When an emergency occurs during office hours, contact the Department Head to receive authorization for the emergency purchase (a purchase not planned for in the normal budgetary process). Authorization for purchases over \$2,500 will be subject to approval by the Finance Director. After business hour emergency purchases would require written justification from the Department Head, as soon as practicable. Submit all documentation and the written justification to the Finance Director.

A Purchase Requisition shall be submitted to the Finance Director for approval. At that time the purchase may be completed.

All Capital Outlay requests must be submitted on a Purchase Requisition.

EMERGENCIES CREATED THROUGH NEGLECT MUST BE AVOIDED. THEY ARE EXAMPLES OF POOR PLANNING ON THE PART OF THE DEPARTMENT CONCERNED.

Typical examples of emergencies created through neglect are:

- ❖ Depletion of stock due to negligence,
- ❖ Building or equipment needing repairs for some time, suddenly becoming an emergency over night,

- ❖ Materials for projects, which must be planned weeks or months ahead of time, requested just before desired time.

VII. SPECIFICATIONS

A specification is no more than an accurate description of the material or equipment to be purchased.

A good specification should be:

- ❖ As simple as possible, but specific enough that a loophole will not allow a bidder to evade any of the provisions and, thereby, take advantage of the City.
- ❖ Identified, when possible, with some brand or specification already on the market.
- ❖ Capable of being checked. It should describe the method of checking which will govern acceptance or rejection.
- ❖ Capable of being met by several bidders.
- ❖ Clear, misunderstandings can be expensive.
- ❖ Flexible, thus allowing the City to take advantage of new products available.

VIII. GENERAL INFORMATION

Insurance Requirements

A Contractor or Vendor shall secure and maintain insurance as will protect him from claims under the Worker's Compensation Act (statutory amounts), and from claims for bodily injury, death, or property damage, which may arise from the performance of his services under this agreement (Commercial General Liability Insurance) with minimum coverage of \$500,000 per occurrence and \$1,000,000 annual aggregate for bodily injury or death and property damage, written on an occurrence basis.

The Contractor or Vendor shall, at a minimum maintain:

Comprehensive Automobile Liability Insurance covering all owned, non-owned, and hired vehicles with combined single limit coverage of \$500,000

for bodily injury, death, or property damage, written on an occurrence basis.

CONTRACTOR shall maintain, at no expense to City, a professional liability (errors and omissions) insurance policy placed with a company rated at least A-/VII by Best's Key Rating Guide, authorized to do business in Texas, in an amount not less than one million dollars (\$1,000,000).

- ❖ All policies, except Worker's Compensation, shall name the City as an additional insured.

- ❖ All policies shall contain a waiver of subrogation in favor of the City and require the giving of written notice to the City at least thirty (30) days prior to cancellation, non-renewal or material modification of any policies. The Contractor or Vendor shall furnish the City with copies of said policies or certificates evidencing such coverage.

Signatures/Authorization

Applications for Title, Tax Exemption Certificates, Agreements, and Contracts shall not be signed by any City employee unless authorized in writing by the City Manager or other proper official.

Avoiding Duplicate Purchases

When a Purchase Requisition is submitted to the Department Head, certain criteria shall be verified to avoid and/or eliminate duplicative purchases.

- ❖ If a purchase is a fixed asset, the Capital Outlay list is referenced, and the item and the costs are recorded.
- ❖ All purchases over \$3,000 and under \$50,000 require the City Manager approval.
- ❖ All purchases exceeding \$50,000 require the City Council's approval.

All of the above procedures and checkpoints assist in the avoidance of duplicative purchases.

Disposition of City Property

Surplus property, confiscated property, abandoned vehicles and real estate shall be sold in accordance with State Law. Property declared unusable shall be destroyed. With the City Manager's approval, property deemed usable may be donated to another entity or for a public purpose use.

Money received from the sale of equipment shall be placed in the City's account.

Seized and subsequently forfeited property will be handled according to other

local, state or federal laws and regulations as may apply to the property, its disposition and/or use of funds from such disposition and both Department Heads as well as the Finance Director should be consulted prior to the disposition of any City property.

Grant Funds

Proceeds from disposed equipment acquired with grant funds shall be placed in a special revenue account as required or designated in the grant specifications.

If property purchased with grant funds is sold or destroyed, to insure that grant requirements are met, all funds and/or destroyed property must be tracked according to the grant specifications. There may be other requirements that must be met (e.g. prior approval of the grant agency) so caution should be exercised and the Finance Director must take steps to ensure that all grant requirements and specifications are met prior to use of items purchase with grant funds or disposition of items purchased with grant funds.

Code of Ethics

Public employment is a public trust. It is the policy of the City of Glenn Heights to promote the objective of protecting government integrity and of facilitating the recruitment and retention of personnel needed by the City of Glenn Heights. Such policy is implemented by prescribing essential standards of ethical conduct without creating unnecessary obstacles to entering public service.

Public employees must discharge their duties impartially so as to assure fair competitive access to governmental procurement by responsible contractors. Moreover, they should conduct themselves in such a manner as to foster public confidence in the integrity of the City of Glenn Heights.

To achieve this purpose, it is essential that those conducting business with the City of Glenn Heights also observe the ethical standard prescribed below:

1. It shall be a breach of ethics to attempt to realize personal gain through public employment with the City of Glenn Heights by any conduct inconsistent with the proper discharge of the employee's duties.
2. It shall be a breach of ethics to attempt to influence any public employee of the City of Glenn Heights to breach standards of ethical conduct set forth in this code.
3. It shall be a breach of ethics for any employee of the City of Glenn Heights to participate directly or indirectly in a procurement when the employee knows that:

- ❖ The employee or any member of the employee's immediate family has a financial interest pertaining to the procurement;
 - ❖ A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement;
 - ❖ Any other person, business or organization with whom the employee or any member of the employee's immediate family is negotiation or has a an arrangement concerning prospective employment is involved in the procurement;
4. It shall be a breach of ethics to offer, give or agree to give any employee or former employee of the City of Glenn Heights, or for any employee or former employee of the City of Glenn Heights to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a program requirement or purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any preceding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement of a contract or subcontract, or to any solicitation or proposal, thereof, pending before this government.
 5. It shall be a breach of ethics for any employee or former employee of the City of Glenn Heights knowingly to use confidential information for actual or anticipated personal gain, or for the actual or anticipated gain of any person.

Bid Openings

All formal responses to IFBs or RFPs shall be submitted to the requesting Department Head where they are date and time stamped upon receipt. Bid openings are conducted weekly on Tuesdays and Thursdays at 2:00 p.m. at the location specified in the IFB or RFP. Vendors and the public are invited and encouraged to attend. Bids/Proposals received after the specified date and time are disqualified. Late Bids/Proposals cannot be considered for award of purchase.

Bidder's Protest Procedure

1. PROTEST: A protest, if any, shall be submitted to the City of Glenn Heights Finance Director for transmittal to and consideration by the City of Glenn Heights Protest Committee. This committee shall be comprised of the City Manager, a representative from the Finance

Department, and a representative from the requesting department. A protest must be submitted in writing and must be supported by sufficient information to enable the protest to be considered. A protest will not be considered if it is insufficiently supported or it is not received within the time limits set forth in the Section entitled, "Timeliness," (below). A protest may be submitted upon the following reasons:

- ❖ A protest relating to restrictive procedures, alleged improprieties, or other similar situations arising prior to bid opening,
- ❖ A protest of a final ruling relating to requests for changes to or approval of equals, clarifications and modifications of the specifications, as set forth in the Pre-Bid Approval Section,
- ❖ A protest of the award of contract or alleged impropriety arising after bid opening as set forth in the Section, "Timeliness," (below).

2. TIMELINESS: To be effective, a protest must be submitted so that it is received by the Finance Department by the following deadlines:

- ❖ A protest based upon restrictive procedures, alleged improprieties, or other similar situations arising prior to bid opening must be received by the City of Glenn Heights Finance Director no later than five (5) working days prior to the specified bid opening date and may only be protested once.
- ❖ A protest based upon a final ruling relating to requests for "changes to" or "approval of equals," clarifications and modifications of the specifications, must be received by the City of Glenn Heights Finance Director within five (5) working days following the issuance of the final ruling.
- ❖ A protest of the award of contract or alleged impropriety arising after the bid opening must be received by the City of Glenn Heights Finance Director within five (5) working days following the earlier of the date on which the Bidder knew, or the date on which a diligent Bidder would have known, of the award or alleged impropriety.

3. PRE-BID APPROVALS: The Finance Director's written approval must be obtained prior to bid submission for :

- ❖ Any clarification of the specifications; or

- ❖ Any sample or engineering detail in which the technical specifications are required to be submitted before bidding, including substitution of any required bid or contract form; or
- ❖ Any modifications to the specifications which the Bidder maintains are restrictive and which the Bidder proposes be altered, amended or changed.

ATTACHMENT "A"
PETTY CASH VOUCHER

ATTACHMENT "B"
PURCHASE REQUISITION

ATTACHMENT "C"
CHECK REQUEST

ATTACHMENT "D"
CONFLICT OF INTEREST QUESTIONNAIRE
<http://www.ethics.state.tx.us/forms/CIQ.pdf>

ATTACHMENT "E"
LOCAL GOVERNMENT OFFICER CONFLICTS DISCLOSURE
STATEMENT

<http://www.ethics.state.tx.us/forms/CIS.pdf>

ATTACHMENT "F"
INTERNAL QUOTE