

# PURCHASING MANUAL

City of Gun Barrel City, Texas

Revised June 2014

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## 1. PURPOSE

The purpose of this manual is to establish guidelines for the efficient acquisition of all city supplies, materials, equipment and services.

## 2. RESPONSIBILITIES OF THE PURCHASING AGENT

The Purchasing Agent shall be the City Manager whose responsibility it shall be to:

- a. Utilize modern purchasing practices and keep abreast of new products and methods, current pricing and changing market conditions.
- b. Maintain complete file on vendors and product availability.
- c. Institute competitive bidding whenever possible on all purchases and utilize bidding specifications in a manner to insure that the city obtains the appropriate quality at the best price.
- d. Make prompt payments to take full advantage of discounts.
- e. Establish an inventory program to take full advantage of quantity buying.
- f. Maintain adequate records to justify and support all purchasing and inventory activities.

## 3. RESPONSIBILITIES OF USING DEPARTMENTS

It shall be the responsibility of using departments to:

- a. Suggest the names of vendors that can provide items being requisitioned.
- b. Provide informal price quotes whenever possible.
- c. Provide specifications for requested items.
- d. Anticipate needs sufficiently in advance so as to avoid rush orders and emergency purchases whenever possible.
- e. Submit requisitions that are thorough and legible.

## 4. LEVELS OF PURCHASING

The following levels of purchasing are designed to conform to different procedural requirements. In no case shall procedural requirements be circumvented by 'splitting' purchases. Regular monthly expenditures and obligations such as utility bills, Master Card/Visa bills, medical insurance, money spent from petty cash or special bank accounts and refunds from the City do not require a purchase order. In addition, purchase orders are not issued for Other Jurisdiction Warrants, Overpayments of Fines and Jury Duty. A check request can be used for businesses who do not accept purchase orders.

**\$ 0 - \$499.99** - Purchases in this category require a purchase order initialed by the City Treasurer to insure budget sufficiency and signed by the appropriate department head.

**\$ 500 - \$1,499** - Purchases in this category require a purchase order initialed by the City Treasurer to insure budget sufficiency and signed in advance of purchase by the City Manager. Purchase order should contain sufficient item description to identify purchase,

and the reason for such purchase request. A requisition, signed by the City Manager, is required prior to any purchase of \$500 or more.

**\$ 1,500 - \$49,999** - Purchases in this category require a purchase order initialed by the City Treasurer to insure budget sufficiency and signed in advance of purchase by the City Manager. Written specifications are required, plus at least three written quotes.

**\$50,000 Plus** - All purchases in this category require written specifications, formal bidding, and award of bid by the City Council. This amount is subject to change by State law.

## 5. REQUISITIONS

- a. Requisitions are designed to inform the Purchasing Agent that certain items are needed and to convey quantities, descriptions, suggested vendors, specifications, prices, comparative quotes, budget information, departmental suggestions and recommendations, as well as any other information helpful in expediting purchases. A requisition is required for all purchases of \$500 or more.
- b. Requisitions can be completed either by the requisitioning department or by the Purchasing Agent in certain cases. Requisitions will be processed together with purchase orders, delivery receipts and invoices to ensure that the products ordered are exactly what is delivered and paid for. Thoroughly completed, legible requisitions will enhance the purchasing process.

## 6. PURCHASE ORDERS

Purchase orders are to be consecutively numbered and issued only by the City Treasurer, or designee. When kept in numerical order, they provide instant information on the status of any current or previous purchase. They also establish firm controls on adherence to budgetary limitations and satisfy the requirement of accountability in the expenditure of public funds.

## 7. EMERGENCY PURCHASES

Departments should ordinarily anticipate their needs far enough in advance to allow time for the regular purchasing procedures to be followed. Occasionally, however, events take place which require immediate acquisition. A true emergency purchase is defined as follows:

- a. When the necessity for a purchase cannot be reasonably anticipated; when an inventory of spares cannot be reasonably maintained; when the failure to promptly purchase will inhibit or disrupt a necessary public service or cause unnecessary damage.
- b. Requisitions due to lack of planning and foresight shall not be considered as emergencies and shall be routinely handled. Purchases meeting the emergency criteria must be followed within two (2) working days by a confirming requisition

and purchase order, together with a thorough written explanation.

**8. SINGLE SOURCE PURCHASES**

When a need can be met by only one source, (i.e. when three quotes cannot be obtained) a requisition must be accompanied by a written explanation approved by the City Manager.

**9. LEASE/PURCHASE**

Lease/Purchase shall be subject to the same purchasing requirements as any other purchase.

**10. PURCHASE OF CONSTRUCTION OR EQUIPMENT**

Construction plans or equipment specifications shall be approved by the City Council prior to advertisement for bids when in excess of \$50,000, or the current amount established by State law.

**11. PURCHASES FOR REPAIRS**

Such purchases shall be subject to the same purchasing requirements as any other purchase.

**12. PURCHASES FOR PERSONAL USE**

The City purchasing process shall not be utilized in any manner for the personal use of any City employee, elected official, board or commission member, or any other person associated with the City in a paid or volunteer position.

**13. PURCHASES BY IDENTICAL BIDS**

In the event that two or more bids meeting all requirements and specifications are identical, the bid may be awarded in any manner most beneficial to the City. All bids may be rejected.

**14. PURCHASE OF CONTRACTS**

Purchases of maintenance contracts or other purchases not described in the Manual shall conform to the most applicable procedure as determined by the City Manager. The total contractual obligation shall be subject to the same purchasing requirements as other purchases.

**15. SPECIFICATIONS**

Specifications on which bids are based are designed to insure that the equipment or product acquired will adequately perform the task expected of it. Specifications shall not be written in such a manner as to specify a particular brand, model catalog number, etc., or

exclude any vendor whose product can satisfy established minimum standards. Such specifications are termed 'closed' and are prohibited. For guidance purposes in bidding, however, such designations may be referred to as 'or equal.'

## 16. INVITATIONS TO BID

Invitations to bid shall be published in the official newspaper as designated by the City Council at least fifteen (15) days prior to acceptance of bids, or otherwise as required by applicable law. The notice shall contain a general description of the item(s) to be purchased, where specifications and other bidding details may be obtained, and the time and place of bid opening. Solicitations to bid may also be sent to prospective suppliers.

## 17. PURCHASING THROUGH OTHER AGENCIES

Purchasing may be accomplished through other local, state or federal agencies when such process meets all applicable purchasing requirements for governmental agencies.

## 18. RECEIPT OF PURCHASES

When purchased items have been received and accepted, a delivery receipt shall be signed by the accepting employee and forwarded to the City Treasurer. Prompt delivery to the City Treasurer is encouraged in order to take advantage of payment discounts.

## 19. CREDIT CARD POLICY

### Purpose

This policy establishes guidelines, policy and procedures for effective budgetary management, reporting, and control of the City's credit card and assign responsibility, accountability for the management and control of the credit card.

### Definitions

- A. **City of Gun Barrel City (GBC) Credit Card** - A Bank Credit Card that has been appropriately obtained through the City's current depository or local bank. The GBC credit card can be used only as established and designated by this policy.
- B. **Bank Card Vendor** - The issuing bank of the credit card.
- C. **Statement of Account** - The monthly billing statement received from the Bank Card Vendor that lists the charges and credit applied to the Cardholder's account.
- D. **Cardholder** - The Cardholder is any individual who has received and is responsible for the GBC credit card.
- E. **Treasurer** - The Treasurer's responsibility is to monitor, review, enter purchase requisitions, verify information, gather all receipts for all purchases and process the department's approval for payment of the Statement of Account. The Treasurer

is the contact point, dealing with City funds, the City's Depository and/or Credit Card Vendor regarding payment to the City's Credit Card Program and ensures the sound financial stability and condition of the City.

- F. **Questionable Charge** - Any unanswered question pertaining to a charge, undocumented charge, unexplained charge or a charge not allowed under this policy or the City's travel policy will be considered a questionable charge. An employee can be held liable for a questionable charge.

### Policy

- A. **Use First** - A purchase order or City check should be used before considering the use of the City's credit card. The credit card is not to be used to bypass City purchasing policies and procedures.
- B. **Personal Use/Restrictions** - The City's credit card is to be used for City business only. All City funds are paid by the taxpayer and should be used with this in mind. Credit cards **shall not** be used for personal items and/or expenses not related to the City; contract items, capital items, liquor (bar tabs); expenses for spouses when traveling with an employee and any other non-business related expense.
- C. **Budget and Limits** - No public funds of the City may be spent in any manner other than as provided for in the budget adopted by the City Council. The total amount of credit card charges shall not exceed these line item budget limits.
- D. **Authorized Categories** - The only approved credit card purchases are: hotel/motels, airlines, train travel, car rentals, gasoline, other travel, business meals, business telecommunication calls, books and tapes, subscriptions, online registrations, online dues and memberships, online licenses and fees and other expenditures approved by the City Manager.
- E. **Travel Policy** - All City travel policies and procedures shall be followed when using the credit card system for travel. If the credit card is used for travel, the original receipts (including detailed meal receipts and credit card slips) related to particular trips will need to be attached to the Travel Expense Report for the respective trip and copies attached to the Statement of Account for the credit card. Make a note on the copy that the original is with the Travel Expense Report.
- F. **Documentation** - The Cardholder shall sign all documents for verification purposes. A signed credit card charge slip; a detailed cash register receipt, or invoice is required for each charge along with a summary of business purpose and who attended.
- G. **Credits and Returns** - No cash refunds are allowed. If a purchased item needs to be returned, the item should be sent back to the vendor, in a manner agreed upon by the vendor. The purchaser or vendor should make a note on the receipt of the return and the Treasurer should be informed of the return/exchange. The supplier should issue a credit for any return item that has been agreed to. This credit will

appear on a Statement of Account. Documentation of the return should be issued by the vendor and attached to the Statement of Account (such as a credit receipt). If the purchaser and the vendor cannot resolve an issue, the Treasurer should be informed.

## Procedures

### A. Using the Card

1. Verify all charges before signing the charge slip.
2. You should receive a copy of the charge slip, and a detailed register receipt. Receipt and charge slip can be one document, if the receipt includes both the detail of the item(s) purchased and the cardholders signature. Sign all documents making notes on the back regarding the purpose of the expenditure and who was present. Keep them in a secure place because they will be needed as backup and documentation of your transaction. Submit all receipts to the Treasurer.
3. In order to comply with the policies and procedures, the following information needs to be noted:

Explanations of any purchases. A brief summary is required of the business purpose. The Treasurer or the City Manager may contact the cardholder if they feel further explanation is necessary.

All receipts of items purchased. Detailed receipt of all items purchased plus signed credit card receipt must be retained and submitted.

Sign all documents. This verifies the Cardholder is aware of the expenditure.

Submit all receipts. Submit receipts to the Treasurer as soon as possible after the use of the credit card.

4. In the event of an emergency, the Bank Credit Card may be used to make a purchase. The cardholder should determine purchase needs and present the credit card to the vendor. If the vendor does not have the City's tax information on file, convey to the vendor that the City is tax-exempt and the tax-exemption form will be faxed the next business day. Inform the Treasurer that a tax-exemption form needs to be faxed, give them the name and address of the business.

### B. Record Keeping

The Cardholder is responsible for retaining all charge slips and receipts. Sign all receipts; include a brief summary of the business purpose and a list of those people in attendance. Submit all documentation and receipts to the Treasurer. The

Treasurer will enter each receipt and post it to the proper general ledger account. Receipts will need to be attached to the appropriate statement. If there are charges on the credit card related to spouse expenses while accompanying the Cardholder on City business, a reimbursement check will be made payable to the City of Gun Barrel City and submitted to the Treasurer. The original reimbursement check with the account number and explanation of reimbursement needs to be submitted to the Treasurer for deposit. A copy of the check shall be attached to the Statement of Account. If there is an amount charged and not recorded on the Statement of Account, the Treasurer will retain slips, copy of the check or other documents for the next Statement of Account.

If a receipt is not present that is noted on the Statement of Account, the Treasurer will notify the Cardholder of the deficiency. It is the responsibility of the Cardholder to contact the vendor to secure a copy of any missing receipts. The Treasurer should alert the City Manager of the missing receipt and note with a question mark, along with a statement of any attempt(s) made to obtain the receipt. Payment of the account will be made, excluding the amount that has not been verified. The Cardholder will be responsible for the payment of any undocumented charges and any other charges that may be incurred by the delay of payment.

C. Accounting

All credit card payments are made monthly. The Treasurer will review all Statement of Accounts for appropriateness of purchases, proper general ledger account coding, Cardholder signature, attachment of all signed receipts and detailed charge slips, a brief summary of the business purpose and a list of those people in attendance. The Treasurer shall keep track of any reimbursements due. Payment will be made on those items where all signatures and proper documentation are received. If a disallowed purchase is discovered, it should be brought to the Treasurer's attention.

D. Disputed Charges

If after the Treasurer audits the Statement of Account and determines some charges may be disputable, he/she will immediately investigate these charges to determine if any abuse has occurred or if the charges are valid. It is the responsibility of all Gun Barrel City employees to report any questionable charges on a City credit card or withhold payment for inadequate documentation. If it comes to the attention of the City Manager that an employee knew of questionable charges and did not report it, it could be cause for disciplinary action. If the reporting employee is **not** the user of the card, it is against the Whistle Blower Act to discharge an employee for bringing to light a questionable act.

E. Lost or Stolen Card Procedures

The City is financially liable for a credit card in the event it is lost or stolen and used. You are responsible to notify the Treasurer who will notify the Bank Card

Vendor. Once the Bank Card Vendor has been notified of the lost or stolen card, the City is no longer liable for any purchases made with the card.

F. Final Review

The Treasurer or City Manager can require additional information or confirmation of expenditures where and when they deem necessary.

20. **FEDERAL DEBARMENT AND THE EXCLUDED PARTIES LIST SYSTEM**

**Purpose**

In an effort to provide assurance to the Federal Government that the State of Texas and its sub-recipients comply with Federal Executive Order 12549, 44 CFR § 13.35 ("Sub-awards to debarred and suspended parties"), and the Texas Uniform Grant Management System (UGMS), the Texas Department of Public Safety/Texas Homeland Security-State Administrative Agency requires all Homeland Security Grant Program sub-recipients (to include all programs administered by the TXDPS/THS-SAA) check the debarment status of all vendors before contracting with or making any purchases with funds from any federal grant.

The Excluded Parties Listing Systems (EPLS) is an electronic database of parties excluded from federal procurement and non-procurement programs and is located at <https://www.SAM.Gov>. The EPLS identifies those parties excluded throughout the U.S. Government (unless otherwise noted) from receiving Federal contracts or certain subcontracts and from certain types of Federal financial and nonfinancial assistance and benefits.

The TXDPS/THS-SAA requires Sub-recipients to develop a written policy and procedure in order to ensure that the EPLS system is utilized. A sample policy and procedure has been provided below. These provided samples are intended as a guide but can be modified and adopted:

**Policy**

Prior to procuring or entering into contract(s) for any goods/services, the sub-recipient must check the debarment status of the vendor using the EPLS system (<https://www.SAM.Gov>) and document that verification has occurred. This policy applies to the procurement of all good(s) or service(s) regardless of unit price or quantity.

Furthermore, because vendors are being removed and new ones added on a daily basis, sub-recipients will be required to verify the vendor before issuing a new purchase order, blanket purchase order, contract or single time purchase.

If verification has been performed prior to entering into multiple invoice or multiple billing period contracts, such as a yearly wireless phone subscription, then verification is not required prior to making each payment to the vendor. However, verification should be performed prior to extending, renegotiating a follow-on contract, or entering into a new contract.

Each jurisdiction must have a written policy that includes the verification of vendors using the ELPS system prior to procuring or entering into contract(s) for any goods/services.

Each jurisdiction is required to include the EPLS verification with reimbursement or advance requests submitted after August 26, 2013 as part of the supporting documentation.

Example Policy:

The County/City Purchaser shall verify debarment status of all vendors prior to utilizing Homeland Security funds, using the EPLS system (<https://www.SAM.Gov>)

### **Procedures for Documentation**

Each sub-recipient must be able to provide evidence that the debarment status of vendors has been verified before funds have been committed for a purchase or contract to the vendor. For purposes of HSGP reimbursements and advances a screen print of the [SAM.Gov](https://www.SAM.Gov) page indicating the vendor is not debarred provides that evidence.

Example Procedures:

Before Homeland Security funds may be spent, the County/City purchaser will:

1. Go to the EPLS Website (<https://www.SAM.Gov>).
2. The County/City Purchaser or their agent will search the EPLS system for the vendor.
3. If the vendor is found to be debarred, the vendor may not be used for procurement utilizing Homeland Security Grant Funds.
4. If the vendor is found not to be debarred, print the screen page and retain with the Procurement documentation.
5. A copy of the screen print indicating the vendor is not debarred, at the time of the procurement, must be included with the supporting documentation submitted to the Texas Homeland Security State Administrative Agency requesting reimbursement or advance.

### **SAA Monitoring**

During monitoring and reviews, sub-recipients must be able to provide proof of a written policy requiring verification of debarment status. Records of vendors verified should be retained for audit purposes (maintain a copy of the screen print verification from the EPLS website) throughout the record retention period for the particular grant.

## **21. SUGGESTIONS**

All City employees are encouraged to make suggestions for improvements to the purchasing practices.

This **Purchasing Manual** was approved by the Gun Barrel City Council on the 24<sup>th</sup> day of **June** 2014.

Attest:

  
\_\_\_\_\_  
Christy Eckerman, City Secretary

Approved:

  
\_\_\_\_\_  
Jim Braswell, Mayor

I, \_\_\_\_\_, have reviewed and understand this policy.

\_\_\_\_\_  
Department Head Signature

\_\_\_\_\_  
Date