

Town of Berlin Purchasing Policy

Introduction

The Town of Berlin Purchasing Policy is intended to ensure compliance with applicable laws, regulations and local charter/ordinance requirements. In this context, the goal of the Purchasing Policy is to provide clear, consistent procedures for all departments to follow to enable Berlin to secure the most favorable pricing and terms possible. Failure of any staff to comply with the Policy may result in personal accountability for the cost of products purchased and/or services rendered. Any deviation from the following policies must be approved by the Town Manager and Finance Director **prior** to executing any purchase. It is every Department Head's responsibility to ensure compliance with this policy of every employee within his/her Department.

The Town Council, by ordinance, has established rules and regulations which will apply to purchases made by the Town. The provisions of Section 5-5 of the Town Charter, unless superseded by State or Federal law or regulation, shall control the purchasing procedure of the Town. The procedures and personnel involved in the purchasing process shall be subject to the supervision of and fall within the jurisdiction of the Purchasing and Finance Department, respectively.

Purpose

The purpose of this policy is to establish a systematic and uniform system for the procurement of services, supplies, materials, equipment and other commodities required by any department, office or agency of the Town other than the Board of Education. The Board of Education may adopt the Purchasing Procedures set forth in this memorandum subject to any modifications that it deems appropriate.

Objectives

The objectives of the Purchasing Procedures set forth in this policy shall be as follows:

1. To ensure compliance with applicable laws and regulations, including requirements that govern reimbursement from the State and/or Federal Government.
2. To procure materials, supplies, equipment, and services at the lowest cost consistent with the quality of service rendered.
3. To exercise positive financial and audit control over purchases.
4. To provide an expeditious and efficient means of procuring materials, supplies, or services.

5. To ensure that all purchased goods and services are entered into with prior identification of funding source(s), including an appropriate contingency.
6. To establish and consistently maintain standards of quality in materials, supplies, equipment, and services based on suitability for use.
7. To ensure that all purchasing functions and practices are conducted without regard to the political affiliation, race, color, religion, age, sex, national origin, physical or mental disability, ancestry, marital status or sexual orientation.

A. General Purchasing Guidelines

A wide range of procedures govern the Town's purchasing function in order to accommodate the acquisition of an ever-changing list of goods and services (that vary significantly in terms of both availability and price). To facilitate a better understanding of this system, a detailed description of the Town's procedural requirements appears below. These guidelines must be followed by each agency.

1. Town Purchasing Requirements

1.1 All goods and services required by the Town of Berlin will be obtained by the use of either a purchase order or contract.

1.2 In general, Purchase Orders should be considered the Town's primary procurement form. Said forms should be used to secure all acquisitions, with limited exception noted below.

1.3 In the following situations only, a Purchase Order need not be prepared to order either goods or services or effect payment for them:

- Expenditures for the following will not require a PO:
- Meal reimbursement
- Accounts:
 - 207 – organizational fees
 - 208 – professional development
 - 209 – training
 - 213 – mileage
 - 801 – liability accounts

While a purchase order is not required, only expenditures where sufficient budget dollars exist will be honored by the Town. If sufficient budget dollars are not available, the Town reserves the right to hold the employee who authorized the purchase to make payment.

NEW Any payments from an organizational fee account (53944) will require a PO

1.4 To ensure timely processing, all Requisitions for Purchase Orders must be submitted within the Town's accounting system (including Notes showing quotes, Town Manager approval and

Town Council/Board of Finance approval, if necessary) by Department Division heads or their designee(s). Authorized personnel shall consist only of those employees who have been officially authorized as a signer regarding the submission of an Authorized Signature Form to the Finance Office. **Refer to the P.O. policy for additional information.**

Note: The Town policy is to pay on valid invoices within a one-month time Frame of the invoice date. Department heads or authorized staff must ensure that all requests for payment and appropriate documentation are submitted to Accounts Payable in the Finance Department in a timely manner.

1.6 Purchasing Guidelines are as follows:

<u>Purchase Value</u>	<u># of Quotes</u>	<u>Type of Quote</u>	<u>Other</u>
<u>Purchase Value</u>	<u>#of Quotes</u>	<u>Type of Quote</u>	<u>Other</u>
\$7,500-\$14,999	3	Verbal	Documentation to Finance
\$15,000-\$24,999	3	Written	Documentation to Finance
\$25,000+	Requires formal sealed bids & Council Approval		

Every effort should be made to secure the best possible rate on behalf of the Town, and the bidding process is a critical part of this effort. With that intention in mind, please note a few key points below:

- No items should be placed on the Town Council agenda that do not comply with the guidelines or have **prior** town manager approval.
- Pursuant to Conn. Gen. Stat. section 7-148v, the Town Manager may authorize the purchase of equipment, supplies, materials or services from a person or entity who has a contract to sell such goods or services to the State of Connecticut, other state governments, political subdivisions of the State of Connecticut, nonprofit organizations or public purchasing consortia available through a regional educational service center or regional council of governments, in accordance with the provisions of such contract. **These rates can be in place of the bidding process, but Council approval is still required.**
- Purchases should not be split to circumvent the **intent** of quote/bid thresholds
 - Splitting purchases specifically to avoid purchase limits, approval requirements, or any other procurement/bidding procedures or rules is strictly prohibited.

2. Credit Cards & Emergency Purchases

2.1 The credit cards will not replace the normal purchasing procedures established by the Finance Department, but will be used primarily in emergency situations (for example, when a major purchase needs to be made on a weekend) and in instances where it is not advantageous or cost effective to issue a Purchase Order (for example, when something can be ordered online to obtain a lower price **and** credit card is the only acceptable form of payment).

2.2 The Town issues credit cards only to employees pre-designated by the Town Manager. No person other than the person to whom the credit card is issued is authorized to use the assigned credit card. **The card is to be used for Town of Berlin business only.**

2.3 Emergency purchases are not to be used as a method of evading the purchasing function. Improper use of this procedure may result in the forfeiture of the credit card at the discretion of the Finance Director or Town Manager.

2.4 Refer to the Town Credit Card Policy in Appendix A for additional information.

B. General Bid Guidelines

1. Overview

1.1 Purchase values of \$25,000 or more require formal sealed bids and council approval per section 5.5 of the Town Charter.

- Any department which utilizes the bid process in accordance with the requirements shall request a bid number from the Purchasing Agent prior to preparing the specifications. The date of the bid opening will be determined in coordination with the Purchasing Agent's office. A bid folder, labeled with the bid number and commodity, will be prepared by the Purchasing Agent. The department will prepare the bid specifications in the format approved by the Purchasing Agent, incorporating the bid number and date of bid opening in the specifications. The completed specifications should be returned to the Purchasing Agent prior to the anticipated date of bid openings.
- Except where known standard specifications apply, user departments must convey their requirements in a clear descriptive manner to avoid conflicts of interest and to assure objective preparation of the specifications. While agencies do not rely on suppliers for the preparation of technical specifications, that does not preclude them from requesting specifications from several sources and combining them to produce a common specification.

1.2 When sealed bids are required and only one bid is received, the bid will be evaluated by staff to determine whether the bid is fair and reasonable and reflects a sound value for the Town. The evaluation procedure may include, among others, evaluation of anticipated price competition by

the bidder; examination of catalogs, established price lists, government contracts or pricing agreements; review of prior bid results; comparison to pricing of similar items; inquiry into like sales to other purchasers; application of parametric or statistical estimating methods; review of historical prices; utilization of independent estimates and analysis of pricing information provided by the bidder

1.3 If two or more submitted bids or price quotations are deemed to be equal, a submitting entity that operates its business in Town or whose majority owner lives in Town shall be given preference. All concerns having their general place of business in the Town of Berlin shall receive a three per cent (3%) preferential advantage in the awarding of the contracts up to the first twenty-five thousand (\$25,000) dollars of the bid only, except for bids involving state or federal grants, to which the three per cent (3%) does not apply.

1.4 Appropriate documentation - sealed bids, written price quotations, bid/price quotation tally sheets, etc. - supporting all expenditures shall be retained in town records for period of time set forth in the town's records retention schedule.

1.5 Requests for sealed bids/proposals/qualifications shall be approved by the Town Manager and Purchasing Agent, who are responsible to see that the bids are not self-selecting or rigged. All such requests shall contain a statement that the Town reserves the right to reject any or all bids/proposals/statements of qualifications or any part thereof.

1.6 All requests for sealed bids/proposals/qualifications shall be noticed in appropriate media, posted on the Town website, and may be posted on other appropriate websites.

1.7 All sealed bids will be opened publicly by the Purchasing Agent or a designee appointed by either or both for such purpose, at a pre-announced time and place before the date on which the Town Council considers them. A bid control sheet listing the names of bidders and amounts of their bids, for review by the appropriate committee and subsequently the Town Council, should be prepared by those opening the bids to tabulate all bid proposals received.

1.8 Any bidder who is found by the Tax Collector to be delinquent in the payment of taxes for either personal or real property shall not be deemed a qualified bidder.

2. Procedures

2.1 All expenditures made by the Town of Berlin, its commissions or departments, up to the sum of ten thousand (\$25,000) dollars will not require a bidding procedure.

2.2 All expenditures made by the Town of Berlin, its commissions or departments, exceeding the sum of ten thousand (\$25,000) dollars shall be made by sealed bids or proposals giving ten (10) days' notice in the form of a legal advertisement in a newspaper.

2.3 All concerns having their general place of business in the Town of Berlin shall receive a three percent (3%) preferential advantage in the awarding of the contracts up to the first twenty-five thousand (\$25,000) dollars of the bid only, except for bids involving state or federal grants, to which the three per cent (3%) does not apply.

2.4 In the event of an emergency, where the normal bidding procedures cannot be allowed, the person charged with obtaining the item shall obtain three (3) quotes without going through the formal bidding procedures.

2.5 No proposals will be accepted from, or any bid awarded to, any person, firm or corporation that has not fully satisfied its obligations to the Town's interests.

2.6 All bid proposals made by any company or firm must be signed in a legal manner in the name of such company or firm by a duly authorized officer, member or representative, whose name and representative capacity shall be stated, as well as the address of the principal place of business.

2.7 Proposals may be withdrawn personally or in writing provided that the Town receives the withdrawal prior to the time and date the proposals are scheduled to be opened. Proposals are considered valid, and may not be withdrawn, cancelled or modified, for one-hundred and twenty (120) days after the opening date, to give the Town sufficient time to review the proposals, investigate the proposers' qualifications, secure any required municipal approvals, and execute a binding contract with the successful proposer.

2.8 The Town of Berlin shall reserve the right to reject any and all bids for any reason at any time.

2.9 This bidding procedure may be waived under special circumstances by a majority vote of the Town Council. What constitutes special circumstances shall be at the sole discretion of said Council.

2.10 Notwithstanding the provisions of the above, expenditures for materials and contractual services offered by the State of Connecticut under its Town Aid program may be made by the Town at applicable Town Aid prices adopted by the State without requiring bidding procedures.

2.11 State and regional purchasing groups can be utilized to satisfy the bidding procedures.

Appendix A

CREDIT CARD PROGRAM POLICIES AND PROCEDURES

INTRODUCTION

The Town of Berlin is providing an alternate approach to purchasing products and services by offering a credit card program to select employees, administered by Webster Bank.

The credit cards will not replace the normal purchasing procedures established by the Finance Department, but will be used primarily in emergency situations (for example, when a major purchase needs to be made on a weekend) and in instances where it is not possible or cost effective to make payment by purchase order & invoice (for example, when something can be ordered on-line to obtain a lower price and credit card is the only acceptable form of payment).

These policies and procedures are intended to provide guidelines to cardholders in utilizing their credit cards, and all cardholders should carefully read this document. A cardholder's signature on the Cardholder Agreement Form indicates that the cardholder understands the intent of the program and agrees to adhere to these guidelines.

The following information is intended to clarify how the credit card is to be used and how the cardholder's transactions are invoiced.

ETHICS

The Town strives to maintain and practice the highest possible standards of business ethics, professionalism, and competence in all purchases and business transactions. It is each cardholder's responsibility to purchase only those goods that are necessary for the Town's purposes and to follow all requirements.

PURPOSE

The purpose of the credit card is to provide certain Town employees, as designated by the Town Manager, with an alternate method of purchasing goods; however, this method should **only** be used only when the normal purchasing process is not feasible. The credit card enables employees to order and receive products directly from any card accepting vendor; it gives employees the authority and flexibility to purchase supplies when the Town needs them at competitive prices; it allows employees to purchase items on an emergency basis when the Finance Department staff are not available; and it allows

employees to make purchases that require the use of a credit card without having to use their personal card.

GENERAL POLICES

The Town issues credit cards only to employees pre-designated by the Town Manager. **The card is to be used for Town of Berlin business only.**

The credit cards are issued to the Town and assigned to specific users by the Town Manager and Finance Director. Personal information of cardholders is not provided to Webster when cards are issued. Webster is provided with a cardholder's date of birth and the last four digits of his/her Social Security number for verification purposes only and as required by law. Card activity is not reported on a cardholder's personal credit report, and, likewise, activity on the card is not used to compute a cardholder's credit score with reporting agencies. Activity on the credit card program is reported on the Town's credit report.

Card privileges may be rescinded at any time at the discretion of the Finance Director and/or Town Manager if polices and/or procedures are not followed by the cardholder. The Finance Director will act as the Credit Card Administrator and will audit card usage and the cardholder will be personally liable for any unauthorized use that occurs with the credit card.

Credit cards must be kept in a secure place. Although the credit card is issued in the cardholder's name, the card remains the property of Webster Bank, and is only to be used for Town purchases as allowed by Town purchasing policies. Cardholders are committing Town funds each time the credit card is used. In no circumstance can this card be used to circumvent purchasing policies or the Town Charter. Any such occurrence will result in revocation of card privileges.

All charges made on Town credit cards are billed directly to the Town on a monthly summary invoice. This process minimizes paperwork and streamlines the payment process.

Training will be provided with the issuance of the credit card to ensure that all policies and procedures are understood. An employee will not be issued a credit card until training has taken place.

Each user will be required to review their credit card transactions on a monthly basis using the Webster Access Online Internet application. Please refer to the "Cardholder Recordkeeping Requirements" section below.

The following types of purchases are prohibited on the credit card:

- Alcoholic beverages
- Cash advances
- Personal items
- Any other items prohibited by Town policy

PURCHASING PROCESS

Making purchases for goods and services is easy with the credit card.

A. Making a Purchase

1. Only the cardholder named on the credit card can authorize a purchase on his/her card.
2. The cardholder will present the card at the cash register, sign, and take the charge receipt and cash register tape for filing and leave with the purchases.
3. The cardholder may also place an order over the telephone. When a telephone order is placed, the cardholder should request a receipt from the vendor documenting the sale. In many cases, a receipt is included with shipping documents for purchases made over the phone. The receipt and shipping documents shall be submitted to the Finance Department according to the "Cardholder Recordkeeping Requirements" section below.
4. The cardholder may also place an order over the Internet. When an online purchase is made, the cardholder should print out the invoice from the online vendor as verification of the purchase. In many cases, a receipt is included with shipping documents for online purchases. The receipt and shipping documents shall be submitted to the Finance Department according to the "Cardholder Recordkeeping Requirements" section below.
5. If the credit card is used to register for a workshop or conference, and the "credit card" information is entered on a registration form, a copy of the registration form showing the amount charged for the registration along with any registration confirmation shall be submitted to the Finance Department according to the "Cardholder Recordkeeping Requirements" section below.
6. When the merchant/vendor processes a credit card sale, the merchant/vendor authorizes the transaction by swiping the card or calling

in the sale. The authorization process sends a request to the Webster credit card processor to approve the amount, the type of merchant used (merchant code), and the number of transactions for that month and day. Transactions are approved within seconds. The merchant then deposits the transaction receipts with his/her merchant bank, and the charge is secured on the purchasing card by the authorization process. Once the merchant sends transactions to his/her bank, the data is uploaded to the Webster credit card processor. Every day, the processor formats purchase card account transactions and posts them to Town data in Access Online, for review by the Finance Director.

7. Cardholders shall keep all receipts/invoices and any related shipping documents in a safe place for submission to the Finance Department.
8. **The Town** is exempt from paying sales tax on purchases made for goods and services. Most vendors will accept the exemption when purchasing transactions are made. Vendors or merchants may request that a sales tax exemption certificate be provided before they remove the sales tax from a transaction. Please contact the Finance Department to obtain a sales tax exemption certificate. **It is the purchaser's responsibility to make sure the Town is not charged sales tax for exempt goods or services. Failure to comply with this policy may result in revocation of credit card privileges.** Please refer to the tax-exempt policies and procedures for a list of stores and their rules. If you have any questions regarding tax exemption, please see the Purchasing Agent.
9. A credit card may be declined at the point of sale. Credit cards can be declined for many reasons, as follows:
 - Transaction amount exceeds a single purchase limit
 - Transaction amount exceeds the maximum billing cycle limit, when added with other transactions in the billing cycle.
 - Transaction is attempted at a merchant with an unauthorized merchant code (MCC)
 - Transaction exceeds the maximum number of daily transactions
 - Transaction exceeds the maximum number of billing cycle transactions

If a transaction is declined at the point of sale, the cardholder must cancel the transaction and contact the Finance Director as soon as possible to determine the cause of the declined transaction. Adjustments may be necessary to the cardholder's account (i.e. adding merchant codes, increasing transaction amounts, etc.), depending on the reason for the declined transaction.

B. Shipping and Receiving Information

The cardholder must provide the vendor/merchant with appropriate shipping information or a delay in the delivery of the shipment may occur. All goods must be shipped to a Town business address; under no circumstances should anything be shipped to an employee's home. All shipping documents received from vendors/merchants must be submitted with the credit card receipt/invoice to the Finance Department, as described in the "Cardholder Recordkeeping Requirements" section below.

C. Incorrect Shipments or Returns

If a shipment is incorrect, or if there are product quality or service issues, the cardholder should contact the vendor/merchant to arrange for a return, exchange, or credit. If the vendor agrees to issue a credit, the cardholder must get a receipt noting the credit from the vendor/merchant, and the cardholder shall verify that the credit is properly reflected in the next monthly reconciliation statement.

It is the cardholder's responsibility to know and adhere to the vendor/merchant's return policy.

CARDHOLDER RECORDKEEPING REQUIREMENTS

Cardholders must keep all **original** sales documents (receipts, packing slips, cash register tape, credit card slips) from purchases made on their Webster credit card. Receipts **are required** to be submitted to the Finance Department within **5 business days** of purchase. Failure to comply with this procedure may result in revocation of credit card privileges.

Each cardholder is required to login to the Access Online application via Internet connection and review all transactions for the billing period (must be completed by the 22nd calendar day each month or the next business day if the 22nd falls on a weekend/holiday). The review process includes providing an expense description, checking whether or not sales documents (receipts, credit card slips, etc.) are attached, and assigning a (budget line item code) to each transaction. Account information is available at www.myaccountaccess.com. First time users will need to setup an account and establish an ID and password.

Purchases made on the credit card will be entered into the Town's accounting system based on the accounts provided by cardholders. Use of the Town credit card **does not** relieve cardholders from following the Town purchasing guidelines – including bidding and use of purchase orders.

DISCREPANCIES OR UNAUTHORIZED ACCOUNT USAGE

If there are any discrepancies on the cardholder's monthly reconciliation statement, contact the vendor immediately to try to resolve the issue(s) in question. It is the cardholder's responsibility to resolved vendor issues; this shall not be a Finance Department function.

The cardholder is responsible for keeping track of how the card is used and for its safekeeping. Just like any personal credit card, the cardholder should protect against fraudulent use of the Card.

Examples of discrepancies include incorrect transaction amounts, unauthorized purchases that show up on the monthly reconciliation statement that were not made by the cardholder, etc.

CARD DEACTIVATION

Upon transfer or termination of employment of a cardholder, the credit card must be turned in to the cardholder's Supervisor and forwarded to the Finance Director, as part of the exit interview process. The credit card will be deactivated immediately.

Whenever a credit card is misused or these policies and procedures are violated, appropriate disciplinary action will be determined by the Town Manager.

REPORTING LOST, STOLEN, OR DAMAGED CARDS

If a credit card is lost or stolen, the cardholder must immediately inform the Finance Director. The credit card will be immediately deactivated and an acknowledgement will be sent to the cardholder and the Town informing them of this action.

If a card becomes damaged and needs to be replaced, the cardholder must make a written request for a new card to the Finance Director. The damaged card must be turned into the Finance Department, and a replacement card will be requested from Webster Bank. The cardholder will be asked to complete a new Cardholder Agreement when a new card is issued. The cardholder will be responsible for review and reconciliation of transactions made on the account associated with the deactivated purchasing card as well as that of the new purchasing card.

OTHER INFORMATION

Policies and procedures related to the Webster credit card program will be updated periodically. Cardholders will be provided with updates, as they become available.

Any questions not specifically addressed in these guidelines should be directed to the Finance Director.