



PURCHASING POLICY AND PROCEDURES

RESOURCE MANAGEMENT

PURPOSE

Nothing in this policy supersedes common sense. The purpose of the Purchasing Policy is to provide an outline for the selection of vendors, supplies, and services that allow each department within the City to perform its job with the utmost efficiency and effectiveness. The impetus behind this document is to present the City of Lake Worth with a purchasing guideline that will support the introduction of the Assistant City Manager as the primary person responsible for Resource Management.

RESOURCE MANAGEMENT

In an organizational sense resource management is the efficient and effective deployment for an organization's resources when they are needed. In the case of the City of Lake Worth, such resources may include material inventory, service skills, and vendor resources. In order to utilize the financial resources of the City of Lake Worth more wisely and to hopefully eliminate wasteful spending the Assistant City Manager will take a more active role in the purchasing process of the City. The aim is to reduce excess inventories of materials, purchase service skills from a central data base of vendors, continually seek vendors who offer best price or better value, and to monitor all purchases by the City to ensure that City funds are spend in the most judicious manner. This policy will place the Assistant City Manager in a position to not only manage current spending for resources but to more accurately forecast future resource allocations as well. With that premise in mind the purchasing policy will be amended to reflect this new direction in resource management and allocation.

RESPONSIBILITIES

City employees who are authorized to purchase supplies, equipment or services should be familiar with the purchasing policy and should under normal circumstances utilize the purchasing requirements unless confronted with an emergency situation.

DUTIES OF ASSISTANCE CITY MANAGER (RESOURCE MANAGER)

- Ensure that purchasing policy and procedures are adhered to.
- Monitor appropriate accounts to ensure that funds exist for purchase.
- Provide a check and balance system that screens the purchase process prior to issuance of purchase order.
- Continually explore possibilities for quantity discount purchasing.
- Work with vendors to ensure they are apprised of City purchasing process; and to maintain a list of approved registered vendors.
- Liaison with City Secretary to coordinate formal bid development.
- Co-ordinate with Professional Services (i.e. architects, engineers, construction firms) that may be chosen to manage formal bid development and completion.
- Attend bid opening and assist with process when necessary.
- Provide City Manager with pertinent information for awarding of bid.
- Ensure that Department Heads are notified of award of bid.

DUTIES OF FINANCE DEPARTMENT

- Process approved request to purchase and issue purchase order(s).
- Provide financial assistance in City sponsored sales events of equipment or materials.
- Provide Assistant City Manager with up-to-date information related to specific account funds.
- Provide advice and subject-matter expertise as related to the process

DUTIES OF DEPARTMENT HEADS

- Provide Assistant City Manager with brief explanation when emergency purchases are utilized.
- When a particular fund has insufficient funds for a purchase order request the Department Head, Finance Director and Assistant City Manager will work together to bring about an equitable solution if possible.
- Department Heads are responsible for verifying and signing departmental invoices.
- Department Heads will monitor the purchase of materials to ensure that proper City of Lake Worth policy and procedures are followed.

PURCHASE ORDERS:

A purchase order number is required on all purchases over \$500, except for reasons listed below. Prior to purchase order request the Department Head or authorized employee should communicate to the Assistant City Manager that a purchase order is being requested and together select the appropriate vendor or service provider. Once an agreement is reached on the vendor or service provider a requisition will be sent to the Finance Director who will then process the request; ensuring that funds are available.

If an emergency should arise after normal hours, the Department Head or designee can make the purchase that is required. The Department Head will contact the Assistant City Manager the next business day or sooner if applicable and provide information on emergency situation. The Assistant City Manager and Department Head will then as soon as possible notify the Finance Director. The following payments and services do not require the issuance of a purchase order for payment authorization:

1. Tax Payments
2. Insurance Premium Payments
3. Retirement System Payments
4. Debt Service Payments
5. Investment Payments
6. Utility Services and Cell Phone/Pager Payments
7. Petty Cash fund purchases
8. Operating Leases/Maintenance Agreement
9. Annual Contracts
10. Invoices for Professional Services (see attachment Chp.2254 Government Code)
11. Payments made for Employee Payroll Deductions
12. Inter-local Agreements
13. Reimbursements/Payments to other Agencies
14. Contract Services
15. When a Check Request Form is used
16. Travel and Lodging
17. Items/Services acquired through the competitive bid process
18. Customer Deposit Refunds
19. Purchases under \$500.00

PURCHASE ORDER DOLLAR LIMITS AND AUTHORIZATION REQUIRED:

The following dollar limits and authorization requirements are to be followed whenever possible. Any exceptions shall be noted and approved by the appropriate authorization on the invoice. Employees are encouraged to use the City's purchase card when applicable.

Purchase(s) of \$.01 to \$50.00

1. Maybe purchased using the purchase card or by using petty cash
2. Requires Department approval
3. No purchase order required

Purchase(s) of \$50.01 to \$500.00

1. May be purchased using purchase card
2. Requires Department Head approval
3. Review by Assistant City Manager
4. No purchase order required

Purchase(s) of \$500.01 to \$1,500.00

1. May be purchased using purchase card
2. Requires 3 telephone quotes or catalog quotes
3. Requires Department Head approval
4. Review by Assistant City Manager
5. Review by Finance Director and acknowledge funds for purchase exist
6. Purchase order required

Purchase(s) of \$1,500.00 to \$5,000.00

1. Maybe purchased using the purchase card
2. Requires 3 written quotes (supplied by vendor, not from catalog or internet)
3. Requires Department Head approval
4. Requires Assistant City Manager review and approval
5. Review by Finance Director and acknowledge funds for purchase exist
6. Purchase order required

Purchase(s) of \$5,000.01 to \$49,999.99

1. May be purchased using the purchase card
2. Requires 3 written quotes (supplied by vendor, not from catalog or internet)
3. Requires Department Head approval
4. Requires Assistant City Manager review and approval
5. Requires Director of Finance review and to acknowledge that funds for purchase exist
6. Requires City Manager approval
7. Purchase order required

Purchase(s) \$50,000.00 or more (State law requires competitive sealed bids/proposals)

1. May be purchased using the purchase card
2. Requires Department Head approval
3. Requires Assistance City Manager review and approval
4. Requires Director of Finance review and to acknowledge that funds for purchase exist
5. Requires City Manager approval
6. Requires City Council approval
7. Purchase order required if requested by vendor

THE REQUISITION PROCESS:

Requisitioning is formally requesting that a purchase be made and the issuance of a purchase order. It is the first step after the need for materials or a service is recognized. It includes a system of authorization and safeguards so that improper purchasing is difficult to achieve.

The requisition form must be signed by the Department Head before it is forwarded to the Assistant City Manager and then on to the Finance Department to receive a purchase order.

The requisition form originates in the using department. Preparation should be done far enough ahead of the date that the material(s)/services are needed to allow sufficient time for processing including:

- Obtaining bids or price quotations
- Processing bids, placing purchase orders or concluding contracts
- Allowing delivery of material(s) or services.

Attach quotes to the requisition and forward to the Assistant City Manager's Office

USE OF COOPERATIVE PURCHASING AGREEMENT

Whenever possible the City of Lake Worth will utilize cooperative purchasing agreements. Cooperative purchasing agreements are normally agreements that will include a list of items that have already been through the bid process and the lowest or best qualified bidders have been approved. Listed below are examples of authorized purchasing agreements, but the City is not limited to those listed.

1. Houston Galveston Area Council of Governments (HGAC)
2. Texas Association of School Boards (TASB)
3. Tarrant County Purchasing
4. State of Texas

SOLE SOURCE PURCHASES:

There are occasions when materials or services can only be acquired from a "sole source"; that an item being requested is available from only one particular source. In these instances requirements for quotes will not apply. The City must be able to document the specific reasons that a product or service is deemed "sole source". There must be "specific articulable facts" to support a "sole source" purchase request.

PURCHASING POLICY QUICK REFERENCE

Dollar Amount	Purchase Order Required	Petty Cash	3 Telephone Quotes	3 Written Quotes	Seal Bid Proposal	Department Head Approval	Finance Director Approval	Assistant City Manager Approval	City Manager Approval	City Council Approval
\$.01-\$50.00		■				■				
\$50.01-\$500.00						■		■		
\$500.01-\$1,500.00	■		■			■	■			
\$1,500.01-\$5,000.00	■			■		■	■			
\$5,000.01 to \$49,999.99	■				■	■	■		■	
over \$50,000.00	■				■	■	■		■	■

* **Note: all categories are eligible to be purchased with purchase card**