

TOWN OF ERIE PURCHASING POLICY & PROCEDURES

(02-28-2017 Revision)

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Section 1 – Policy Objectives

The purpose of this purchasing policy is to serve as a guideline for all purchasing activity and to standardize procurement procedures. The objectives of the policy are to:

- Procure goods and services at the lowest possible cost with the quality needed for effective use.
- Minimize or eliminate disruptions in operations resulting from the lack of material, equipment, or supplies.
- Avoid duplication, waste, and obsolescence with respect to the procurement of goods and services.
- Provide appropriate budgetary and fiscal control over all municipal expenditures.
- Treat all prices and technical information submitted by suppliers as confidential in order to preserve a good business reputation and obtain competitive prices.

Section 2 – General Procedures – Roles & Responsibilities

Purchases are initiated by the various departments of the Town. Their primary responsibilities include the following:

- Ensure all employees involved in the procurement process are familiar with purchasing policies and procedures.
- Anticipate purchasing requirements.
- Ensure adequate funds are available for purchases and the items are in the budget.
- Take appropriate steps to ensure goods and services are purchased from qualified vendors in an efficient and effective manner.
- Obtain appropriate approvals throughout the purchasing process, with adequate supporting documentation, and ensure the appropriate budget line item is charged in the accounting system.
- Ensure materials received and the quality of work or services rendered meet the purchasing/contract terms before approving payment.
- Strive to maintain good relations with the Town's vendors.

The Finance Department is responsible for administration of the purchasing policy. Its primary responsibilities include the following:

- Maintain the Town's accounting system to ensure spending authorization limits pursuant to the approved budget and approval paths are current.
- Implement procedures to help ensure Town staff complies with this purchasing policy.
- Issue checks to vendors in a timely manner and maintain accounts payable records.
- Prescribe and maintain such forms as the Finance Department shall find reasonable and necessary to implement and support the purchasing procedures contained within this policy.

Section 3 –Approval Authority Levels

Approval authority is granted on an individual basis. The various approval levels related to this policy are as follows:

Invoice/Requisition Amount:	Division Manager (1)	Department Director	Finance Director	Town Administrator
\$1,000 or less	X	n/a	n/a	n/a
\$1,000.01-\$10,000	n/a	X	n/a	n/a
\$10,000.01-\$20,000	n/a	X	X	n/a
\$20,000.01-\$25,000	n/a	X	X	X

X - approval level required

(1) Includes, deputy directors, division managers and staff in equivalent positions. Subject to approval of the Town Administrator or Finance Director, other staff may also be designated by a Director with authority to approve invoices up to \$1,000.

Expenditure requests in excess of \$25,000 must be approved by the Board of Trustees.

The Finance Department shall keep a current list of designated staff authorized to approve Town expenditures. The list shall include the full signature and initials of each authorized individual and the authorization level granted to that individual along with the authorized employee delegating authorization where applicable. It is each department’s responsibility to update these signatures when staff changes occur. No purchase shall be divided to circumvent the above approval levels.

Directors may request additional approval levels less than those in the table above to reflect intradepartmental procedures, but such requests are subject to approval by the Finance Director and will be implemented only to the extent the Town’s purchasing system is able to support any such requests.

When a Director is out of the office, he/she may designate a staff member to approve invoices/requisitions in their absence up to the level of the Director’s approval authority. Such designation shall be in writing (or via email) and provided to the Finance Director and Deputy Finance Director.

Members of the Town’s Board of Trustees and its advisory boards and commissions are required to comply with the terms of this policy and may not commit Town funds except as provided for by this policy or by formal action of the Board of Trustees.

Section 4 – Petty Cash

A petty cash fund may be used to pay for small purchases which do not exceed \$50.00 and are not covered by a Purchase Order.

General controls for petty cash funds are as follows:

- New petty cash funds, or changes to amounts of existing funds, must be approved by the Finance Director or his/her designee.
- Petty cash must be kept in a locked box in a secure location. No more than two departmental personnel – designated the Petty Cash Fund Administrator(s) - should be allowed access to the petty cash funds.
- The Petty Cash Fund Administrator(s) is responsible for ensuring that the cash on hand plus the total of all receipts equals the total authorized amount held in the fund.
- At least twice a year, an individual independent of administering the petty cash fund shall count the cash and receipts/invoices on hand on a surprise basis and complete a Petty Cash Balancing Form. The form should be reviewed and approved by the department director or appropriate designee and forwarded to Finance. Receipts/invoices should be maintained by the Petty Cash Fund Administrator for their next reimbursement request.

The process for a purchase using petty cash funds is as follows:

- 1.) Complete a Petty Cash Authorization Form, obtaining required approvals, in order to receive the amount needed for the purchase. Multiple requests/purchases may not be utilized to circumvent the \$50 limit.
- 2.) Attach the invoice/receipt to the Petty Cash Authorization Form and provide it and any change to the Petty Cash Fund Administrator within one business day of the purchase. The employee making the purchase is responsible for any shortfall when returning unused funds. (Note: Sales tax will not be paid/reimbursed, so the purchaser is responsible for providing the vendor with the Town's sales tax exemption information.)
- 3.) When the petty cash fund needs replenishment, the Administrator should complete a Petty Cash Balancing Form, attach all receipts/invoices, and obtain approval from the appropriate staff person. The completed and approved form along with the receipts/invoices should be forwarded to Finance.
- 4.) Upon receipt of the reimbursement check, the Administrator should take the check to the Town's bank to obtain appropriate currency and replenish the petty cash fund.

Section 5 – Check Requests

Requirements for disbursement requests not related to a Purchase Order (see Section 7) are as follows:

- Disbursement requests not requiring nor related to a purchase order (requests not exceeding \$5,000) may be submitted directly to Finance for payment. Disbursements of this type may be submitted either using a properly completed and approved Check Request Form or by

submitting the invoice using the Finance-approved invoice stamp and providing the required information and approval. If all required information (vendor #, G/L coding, approval, etc.) is not included, the invoice/check request will be returned to the requestor.

- Employee expense reimbursements should generally be submitted on an Employee Expense Reimbursement Form, although a Check Request Form may be used if a single item is being reimbursed. Requests for reimbursement should be approved by the employee's supervisor, and at least one individual with approval authority as reflected in Section 3 (which may be the supervisor). Requests for reimbursement by members of the Board of Trustees do not require formal approval, but copies of reimbursement requests will be provided to all members of the Board.
- If documentation needs to be included with the check to be sent to the payee, make a copy and paperclip the documents to the check request for Finance to send to the vendor after the check is issued.
- Payments will not be made from beginning or past due balances or statements. If a vendor only provides statements, other appropriate documentation should be provided supporting the charges to be paid.

General requirements for disbursement requests for invoices related to purchase orders are as described above. Additional requirements are as follows:

- Appropriate coding and approvals (based on the thresholds as described in Section 3) should be made on the invoice or check request form, with the purchase order number noted on the request. Invoices in excess of \$10,000 being paid under a Purchase Order require the approval of the department Director, or their designee. Additional approvals are not required for payments pursuant to a Purchase Order.
- If the request is a progress payment for a capital project, a Capital Progress Payment Form should also be completed when appropriate and approved and included with other supporting documentation.
- If the payment request represents the final payment under a purchase order, it should be noted on the invoice that this is the final payment so that any remaining funds encumbered by the purchase order may be released.

Section 6 – Credit Cards

The Town has issued credit cards to certain staff. Policy and procedures for use of these cards are addressed in a separate Credit Card Policy. All applicable portions of this purchasing policy apply to use of Town credit cards. Split purchases with credit cards are not permitted if they are made to circumvent this policy.

The Town also has credit accounts with several area vendors. Employees wanting to make use of these credit accounts should contact Finance to gain temporary authorization to do so. New accounts with vendors or changes to existing accounts may only be made with the approval of the Finance Director or his/her designee.

Section 7 – Purchase Orders

A Purchase Order is required to purchase goods or services that total more than \$5,000. The term Purchase Order is used generically throughout this policy to include all service/maintenance agreements, construction agreements and any other type of agreements/expenditures in excess of \$5,000 that are not Exempt Items (see Section 17).

There are two types of purchase orders. A Blanket Purchase Order is a purchase order issued for repetitive purchases to be made from the same vendor over an extended period of time (not to exceed one year). A Standard Purchase Order is any purchase order that is not a Blanket Purchase Order.

Procedures for issuance of a purchase order are as follows:

- 1.) The Requesting Department enters a Requisition to the Town's accounting system, ensuring use of the appropriate budget line item and attaching supporting documentation. (See Sections 8, 9 and 10)
- 2.) When entering the general ledger account number the accounting system will indicate if adequate budgetary funds are available. If adequate funds are not available, a budget transfer request must be submitted to Finance before the Requisition will be approved. If the Requisition is pursuant to a previously approved Board resolution, a copy of the resolution should be attached to the Requisition.
- 3.) Authorized department personnel shall review the requisition. If all requirements are met, the requisition may be approved in the accounting system.
- 4.) The accounting system will automatically route the department-approved requisition to the Finance Director or his/her designee for review and approval as appropriate and then to the Town Administrator or his/her designee if required for review and approval.
- 5.) Once all appropriate approvals have been obtained, Finance will issue a Purchase Order through the accounting system. The amount of the purchase order will be Encumbered for the budget line item(s) to which the requisition was posted.
- 6.) Purchases requiring approval by the Board of Trustees should first be submitted to the Board via a board resolution before entering the requisition to the accounting system. After receiving Board approval the process described above in steps 1-5 can be initiated.

Should a vendor require a purchase order for transactions of \$5,000 or less, a requisition may be entered to the accounting system and a purchase order will be issued.

Section 8 – Competitive Bidding

Competitive bids (informal or formal) are required for all purchases in excess of \$5,000. Depending on the nature of the product or service, bids are not necessarily awarded to the lowest bidder. For those situations where the low bid is not accepted, the basis for the award should be documented in writing and included in the documentation submitted with the requisition.

Types of competitive bids and when they must be used are as follows:

- For purchases up to and including \$5,000, informal quotes from at least two vendors are recommended but not required. This can be accomplished via verbal or electronic requests. Reference to price lists posted on the internet can also serve as an informal quote.
- For purchases above \$5,000 up to and including \$25,000, after determining the applicable requirements for the purchase at least three written quotations are to be obtained. Requests can be made via mail, fax, or email. Use of pricing found on the internet can be used as a quote source where appropriate. After evaluation of the bid responses, document the reason for selecting a bid. If less than three bids are obtained, valid justification must be documented. See also Section 9. For repetitive purchases, it is not necessary to obtain bids with each purchase. However, an appropriate bid process must be conducted at least once every 12 months.
- For purchases above \$25,000 formal competitive bidding is required. See also Section 9 and Section 10 for exceptions to this requirement.

Procedures related to formal competitive bidding are as follows:

1.) Bid Documents:

- a. All bid documents become public information upon completion of the bid opening.
- b. Bid documents shall contain the following information, as applicable:
 - i. Scope of work and/or project description
 - ii. Instructions to bidders
 - iii. Where bidders can obtain bid documents
 - iv. Any costs of bid documents
 - v. Bid submittal deadline
 - vi. Date, time and location of bid opening
 - vii. Any bond and/or insurance requirements
 - viii. Any special requirements
 - ix. Evaluation criteria
 - x. A statement to the effect that the Town reserves the right to reject any and all bids, and accept the bid deemed to best meet the Town's needs and requirements
 - xi. Form of contract to be signed
 - xii. General conditions
 - xiii. Minimum specifications
 - xiv. Bid proposal form
 - xv. Delivery date or completion date
 - xvi. Period of bid validity
 - xvii. Addendums
- c. All bids requiring the performance of services by a vendor shall be reviewed to determine if a bid bond, performance bond, payment bond, Workmen's Compensation insurance, general liability insurance, and/or auto liability insurance

are required. All required bonds and insurance shall be in the amount mandated by Colorado State Statute and any additional Town requirements.

- d. All bids requiring contracts, bonds or insurance, other than the standard forms, shall be reviewed by the Town Attorney in accordance with the following:
 - i. Prior to advertisement
 - ii. Prior to making any recommendation to the Board of Trustees, if applicable
 - iii. Prior to the Town's final acceptance of any such documents

2.) Development of Specifications:

- a. The requesting department shall be responsible for the development of specifications.
- b. Specifications should be developed with attention to the following guidelines:
 - i. Specifications should be concise, free of ambiguities, and provide a sound basis for competitive bidding.
 - ii. Specifications should not require features or quality levels unnecessary to the function or operation.
 - iii. Performance specifications are preferable as they promote innovation and cost reduction.
 - iv. Whenever possible, several acceptable brand names should be considered when preparing specifications.
 - v. The use of a particular brand's specification is discouraged; however, when such a use is justified, the bid documents must bear a statement to the effect that specifications are not intended to be restrictive and any equivalent meeting or exceeding specifications will be acceptable as determined by the Town.
 - vi. Suppliers should not prepare specifications.
- c. If changes to specifications are necessary after the bids have been published and mailed, such changes will be accomplished using an addendum. Any such addendum will be sent to all bidders on the original bidder's list.

3.) Bidder's List:

A bidder's list will be established and maintained by the Requesting Department as an effort to promote competitive bidding from qualified vendors and to establish a source of suppliers. Vendors should be removed from the bidder's list by the Requesting Departments when:

- a. The bidder has failed to respond to bid invitations on three successive occasions.
- b. The bidder is in default on contracts and/or quotes.
- c. The bidder requests to be removed.
- d. The bidder has other delivery or performance failures as determined by the Town.

4.) Bid Evaluation:

In addition to the bid amount, additional factors will be considered as an integral part of the bid evaluation process, including, but not limited to:

- a. The bidder's ability, capacity, and skill to perform within the specified time limits.
- b. The bidder's experience, reputation, efficiency, judgment, and integrity.
- c. The quality, availability, and adaptability of the supplies or materials bid.

- d. The bidder's past performance.
- e. Sufficiency of bidder's financial resources to fulfill the contract.
- f. The bidder's ability to provide future maintenance and/or service.
- g. Other applicable factors as the Town determines necessary or appropriate (such as compatibility with existing equipment or hardware).

If a bid other than low bid is recommended, the requesting department must demonstrate how that bid serves the best interests of the Town and requires the approval of the Town Administrator, the Finance Director or their designees.

5.) Detailed Procedures:

- a. Develop specifications for purchases to start the formal bidding process.
- b. Upon finalization of the specifications, determine any special requirements, such as bid, performance, and payment bonds; insurance; retainage; and any other special requirements needed.
- c. If any bonds, insurance, or contract are required other than the standard form or waiver or modification of insurance requirements, obtain the Town Attorney's approval of such documents.
- d. Prepare all bid documents required by the formal bid and public notice.
- e. Upon receipt of any required Town Attorney's approval, notice of the bid request should be posted to the Town's website. In addition, certain grants may require publication of bids by the Town Clerk.
- f. Mail, email, or fax complete set of bid documents to all qualified vendors on the bidder's list or request vendors pick up bid documents.
- g. Receive sealed bids prior to the designated bid submission deadline. Any bids received later than the specified time will be returned to the bidder unopened. Certify all bids at the bid opening and tabulate bids.
- h. Conduct the public bid opening on the advertised bid opening date.
- i. Evaluate the bid results and determine which bid best serves the Town's interests.
- j. Give the Town Clerk all bids that are not recommended for awards of contract.
- k. If the recommended vendor has not submitted the low bid, provide justification for recommending award to a higher bid.
- l. Prepare Board of Trustees agenda item if the contract is for more than \$25,000. Submit to Town Administrator and Finance Director for approval before presentation to the Board of Trustees.
- m. Upon Board of Trustees' award of bid, notify all bidders of the results, and complete a requisition in the Town's accounting system. Attach appropriate supporting documentation to the requisition.
- n. Ensure that any bonds, insurance and contracts, other than standard forms, have been received.
- o. Obtain signatures on contract documents.

A State bid vendor may be used in lieu of formal bidding at the Department Director's discretion. The reason for doing so should be documented. See Section 9 for additional information.

6.) Project Coordinator/Manager:

The Department Director, in which the project is budgeted, or his/her designee, shall serve as the Town project coordinator/manager for that project. The responsibilities of the Town project coordinator/manager are as follows:

- a. Review all plans, specifications, bid documents, and contracts prior to distribution to ensure adequacy and conformance to Town standards.
 - b. Ensure that all bid documents, contracts, general conditions, special conditions and bond forms are reviewed by the Town Attorney, other than standard forms, prior to distribution.
 - c. Recommend and coordinate issuance of the “Notice to Proceed.”
 - d. Act as the Town liaison with consultants, engineers, architects, and other professionals responsible for contract administration, including general contractors.
 - e. Review all periodic payment requests and coordinate processing of such requests.
 - f. Review and recommend action on any contract change orders.
 - g. Inform the Town Administrator of the contract progress and any problem areas as appropriate.
 - h. Coordinate financial status of contract with the Finance Director as appropriate.
 - i. Initiate the release of retainages, performance bonds, and appropriate advertising.
- 7.) Various types of contracts/agreements may be entered into in order to most effectively complete a project – including Design/Build (DB) contracts, Guaranteed Maximum Price (GPM) contracts, and Qualifications–Based Selection (QBS). All applicable procedures/requirements in this section should be adhered to for these types of agreements.

Section 9 – Cooperative Purchasing

Town staff may use State of Colorado bids (solicited through the Bid Information and Distribution System), bids from the Multiple Assembly of Procurement Officials (MAPO) or the General Services Administration (GSA) to get the benefit of the pricing available through those procurement systems. Similar organizations may be added to the above list with the approval of the Finance Director.

These bids are permitted for any supplies, equipment, or vehicle purchase on items under \$500,000. These purchases, while exempt from the formal bid process, are subject to the normal approval process.

Section 10 – Sole Source Purchases

Sole source purchases may be made if it has been determined that there is only one good or service that can reasonably meet the need and there is only one vendor who can provide the good or service and is in the best interest of the Town.

If the requesting department believes use of a sole source provider is appropriate, documentation supporting this decision should be included with the requisition and approved by the department director. If the Finance Director does not approve a sole source purchase, the department will be required to go through the normal bidding process as described above. Sole source purchases that exceed \$10,000 must also be approved by the Town Administrator or his/her designee.

Section 11 – Local Vendors

To encourage purchasing within the Town of Erie, it is the policy of the Town to recognize and solicit quotes/bids from local vendors. Whenever such local sources exist and are competitive, purchases shall be made from local vendors; however all purchasing ordinances and policies as well as any other Town award factors still apply. To be considered within this policy, local vendors must be appropriately licensed to conduct business within the Town.

Section 12 – New Vendors & Changes

Requests to set up new vendors are to be accompanied by a W-9. If the W-9 is not provided to Finance, the request will be returned to the person making the request.

Changes to remittance address or similar changes should be noted/highlighted on the disbursement request.

Section 13 – Change Orders

In the event circumstances arise requiring an increase in the approved amount of a previously issued Purchase Order, the following approval guidelines shall apply:

\$10,000 or less – Department Directors or their designees may approve change orders in amounts up to and including \$10,000.

Greater than \$10,000 up to and including \$20,000 – In addition to the Department Director's approval, the Finance Director's or his/hers designee's approval is required.

Greater than \$20,000 up to and including \$50,000 – In addition to the Department Director's and Finance Director's approvals, the Town Administrator's or his/hers designee's approval is required.

Greater than \$50,000 – Change orders in excess of \$50,000 require submission of a resolution to the Board of Trustees for their approval.

Additionally, if the change order increases the dollar amount of the purchase order as amended above the approval level of the approver of the original purchase order, additional approval will be required based on Section 3.

Section 14 – Contract Terms/Town Attorney Review

All service contracts must specifically state the term of the contract and the options for renewing the contract (if applicable) beyond the original term. In no case shall any service contract have an indefinite term. Generally, contracts should begin and end within the current fiscal year where practical. It must also be expressly stated in any multi-year service contract—which is any contract with a term extending beyond the current fiscal year—that all financial obligations of the Town beyond the current fiscal year are subject to annual appropriation.

All contracts are to be reviewed by the Town Attorney. Generally all contracts/agreements should use the Town’s standard form. Exceptions can only be approved by the Town Attorney.

Directors may execute contracts with contractual commitments up to their approval authority as presented in Section 3. All other contracts are to be signed by the Town Administrator or his/her designee, unless specifically approved by the Board.

Section 15 – Professional Services

Professional services include architectural, engineering, financial, legal, consulting or other similar services. Requests for Proposal, Requests for Qualifications or a similar process are typically used to solicit professional services. Evaluation of responses to such requests should consider whether the bidder:

- Possesses adequate technical and financial resources to perform the project or services or the ability to obtain the resources required for performance;
- Possesses necessary experience, organization and technical skills in the relevant fields or the ability to obtain them, including without limitation arrangements with subcontractors;
- Proposes a reasonable approach to achieve the project or service objectives in an acceptable timeframe;
- Has a satisfactory record of performance in developing and implementing similar projects or providing similar services in other jurisdictions; and
- Will perform the project or services at a reasonable cost compared with the level of effort expended.

Written justification for the service provider selected shall be attached to the purchase requisition. Approval of professional services are subject to the same approval thresholds and processes as any other expenditure.

Section 16 – Real Estate Acquisitions

All purchases of real estate or similar interests are to be approved by the Town Administrator and the Board of Trustees. Purchases of real estate fall into two categories – open space purchases and all other real estate purchases.

Open Space Purchases – General procedures for the purchase of open space include the following:

- Purchases of open space will generally originate with the Open Space and Trails Advisory Board (OSTAB) based on recommendations from staff and outside professionals retained by staff, although the Board of Trustees may also identify possible parcels for acquisition by the Town.
- After a potential parcel is identified, appropriate Town staff under the direction of the Parks and Recreation Director will obtain an appraisal, or alternatively obtain an evaluation of the parcel's value from the Town's consultant. The consultant's evaluation shall provide the basis for their valuation in the absence of an appraisal.
- A written report on the parcel, including estimates of its fair market value, shall be prepared by staff in coordination with OSTAB and the consultant.
- Based on the above referenced report, OSTAB will determine whether they believe it appropriate to recommend to the Town's Board of Trustees (BOT) that formal negotiations be entered into to acquire the parcel, taking into consideration available funds and other parcels the Town might want to acquire.
- If OSTAB decides to recommend purchase of the parcel, a formal report documenting the reason for the recommendation and the estimated purchase price of the parcel shall be prepared and presented to the BOT. If the BOT agrees with the recommendation, staff will be directed to conduct negotiations for purchase of the property.

Other Real Estate Purchases - General procedures for the purchase of real estate other than open space include the following:

- Potential purchases of other real estate will generally be initiated upon the recommendation of the Town Administrator to the BOT. Under certain circumstances the BOT will direct the Town Administrator to conduct a review of a particular parcel for possible acquisition.
- Under the direction of the Town Administrator, Town staff will conduct a review of the parcel to determine its suitability for the intended purpose and estimates of its fair market value. Consultants as considered appropriate by the Town Administrator may be utilized to assist in this review.
- A written report will be prepared and presented to the BOT by the Town Administrator, documenting the results of the review described above – including the basis for estimates of the parcel's fair value - and staff's recommendation. If the BOT agrees with the recommendation, staff will be directed to conduct negotiations for purchase of the property.

Section 17 – Miscellaneous Purchasing Provisions

Computer Hardware/Software/Printers - All such purchases shall be made through or in coordination with the Information Technology Division.

Exempt Items - Certain expenditures are not subject to this policy. Such exempt items include debt service, payroll related disbursements and investment transactions.

Gift Cards/Certificates - Any gift cards/certificates purchased for an employee of the Town is taxable through payroll and must be pre-approved by the Finance Director or his/her designee in writing. A listing of employees receiving gift cards must be submitted to payroll for processing.

Personal Purchases - No personal purchases may be made using Town funds, even with employee reimbursement.

Professional Dues and Licenses - Professional dues, licenses, and memberships to associations and organizations that benefit the Town will be paid from Town funds but shall be the responsibility of the employee to obtain and maintain. Examples would include, but are not limited to: professional engineer license, water/wastewater treatment operator's licenses, professional certifications, etc.

Sales Tax - Sales tax is not to be charged on any purchase by the Town. The Town's tax exempt number is 98-04943-0000 and should be given to the vendor before the sale is completed. A copy of the Town's tax-exempt certificate is available from Finance.

Surplus Property - Disposal of Town assets is administered by the Public Works Department. See the Disposal of Surplus Property policy for information on the policy and related procedures.

Section 18 – Emergency Procurement

Notwithstanding any other provision of this policy, the Town Administrator or designee may make or authorize others to make emergency procurement when there exists a threat to public health, welfare, or safety under emergency conditions. The required purchasing procedures stipulated in other areas of this policy may be waived for emergency purchases where necessary. A written determination of the basis for emergency and for the purchase or selection of the particular vendor or contractor shall be included with the purchase documentation. A summary of all emergency purchases shall be submitted for review by the Board of Trustees at the earliest Board meeting possible if in excess of \$25,000.

Section 19 – Audit Procedures

Periodically, Finance staff will review samples of requisitions/purchase orders, check requests, new vendor requests and remittance address changes to ensure that Town staff is complying with policy. Errors/violations of policy will be communicated to the Finance Director and department

directors, as appropriate, in addition to communicating with the responsible staff. Additional training will be provided or other appropriate actions taken as required.

Section 20 – Ethical Responsibilities

Employees, Town officers and public body members are required to comply with the Town’s Code of Ethics (as embodied in the Town’s Municipal Code, Title 1 Chapter 7), all applicable Federal and state laws, and Article XXIX of the Colorado Constitution in the purchasing process. In addition, the Town’s Administrative Policies and Procedures handbook includes ethics requirements in Section I.E. Among other requirements, these sources provide rules related to conflicts of interest, acceptance of gifts, and treatment of confidential information. All individuals involved in the purchasing process should ensure they are in compliance with these requirements. Any alleged violations of these requirements will be investigated and any disciplinary action warranted will be taken in accordance with Town personnel policies.

Section 21 – Amendments to Policy

Future amendments to this policy may be made by Town staff, with the exception of Section 3 – Authorized Spending Levels, Section 13 – Change Orders and this Section 21, without the approval of the Board of Trustees. Any changes to approval limits as presented in Section’s 3 and 13 are to be approved by the Board of Trustees.

Section 22 – Definitions

Blanket Purchase Order - A form of Purchase Order, initiated by a Requisition, used for repetitive purchases made from one vendor. A Blanket Purchase Order may be initiated for a “not to exceed” aggregate amount. Common uses for a Blanket Purchase Order include office supplies, chemicals, repairs and maintenance agreements, and other items and/or services that may be repetitive by nature.

Capital Expenditure – Expenditures which result in the acquisition of or addition to fixed assets (\$5,000 or more). Examples of fixed assets include streets, sidewalks, water or wastewater facilities, flood control facilities, traffic control devices, street lighting, parks, public structures, vehicles, certain equipment and real estate purchases. Capital assets have a useful life greater than one year.

Confidential Information - Information that is available to an employee only because of the employee’s status as an employee of the Town and is not a matter of public knowledge or available to the public on request.

Cooperative Purchasing - Cooperative purchasing involves sharing procurement contracts between governments. Cooperative procurement contracts are usually based on the common

requirements of multiple governments. There are several types of cooperative purchasing arrangements, but the type the Town will use the majority of the time will be so-called “piggyback options”. These occur when one or more organizations represent their requirements and include an option for other organizations to “ride” or “bridge” the contract as awarded.

Emergency Conditions – Situations in which the health, welfare, and/or safety of employees or the public are endangered. This includes those instances when immediate repair to Town property, equipment, or vehicles is necessary under the circumstances mentioned above.

Encumbered/Encumbrance – An amount of budgeted funds committed and reserved but not yet expended for the purchase of a specific good or service.

Finance Director – The senior financial officer of the Town. Finance Director also includes his/her designee.

Non-capital Expenditure - Any disbursement that is not a Capital Expenditure.

Petty Cash Fund Administrator – Employee responsible for administering a petty cash fund.

Professional Services – Services within the scope of the practice of architecture, consulting, engineering, professional land surveying, legal counsel, financial advisers, banks, or other service type industry.

Purchase Order – A request to purchase goods or services, typically provided to the vendor as a confirmation of the Town’s commitment to purchase.

Request for Proposal (RFP) – A process used to acquire supplies and services that involves the review of written proposals and the use of negotiations with the most qualified bidder(s). This process may also include the use of a Request for Qualifications (RFQ) as a preliminary step to the RFP process in an attempt to gather information and pre-qualify prospective bidders.

Request for Qualification (RFQ) – A process used to identify qualified providers of specified services to be used in the RFP process.

Requesting Department – The department asking to purchase goods or services to be used for Town business.

Requisition – Process within the Town’s accounting system to initiate the issuance of a Purchase Order.

Sole Source Purchase – A procurement of goods or services can only be obtained from a single local supplier capable of meeting all specifications and purchase requirements or when it is in the Town’s best interests.

Town Administrator – The chief administrative officer of the Town. Town Administrator shall also include his/her designee.

Section 23 – Forms

Current approved forms to be used pursuant to this policy, copies of which are included as an appendix to this policy, are as follows:

- Petty Cash Authorization Form
- Petty Cash Balancing Form
- Check Request Form
- Employee Expense Reimbursement Form

Only forms or stamps created or approved by Finance may be used in the processes covered by this policy.