

RESOLUTION# 2023-

**A RESOLUTION BY THE MAYOR AND COUNCIL OF THE TOWN OF ASHLAND
CITY UPDATING THE PURCHASING POLICY AND PROCEDURES**

WHEREAS, Section 31 of the City Charter of the Town of Ashland City states the City Council shall set purchasing procedures which shall be in compliance with Tennessee purchasing laws.

NOW, THEREFORE BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF ASHLAND CITY, TENNESSEE, that the purchasing policy and procedures attached hereto are declared the official purchasing procedures for the Town of Ashland City. Changes or revisions to the procedures hereby adopted shall be made only by resolution of the mayor and council of the Town of Ashland City.

Approved as to Legality and Form: _____
Jennifer Noe, City Attorney

Passed: _____

Mayor JT Smith

Interim City Recorder

Town of Ashland City

Purchasing Policy and Procedures



Introduction

The Town of Ashland City's purchasing policy is based on The Municipal Purchasing Law of 1983 with modifications, as allowed by State law, to suit the city's purchasing needs. The intent of the policy is to provide a purchasing framework that has strong internal controls, complies with state law, and creates consistency with procurement activity, ensuring competition based on fair and equal opportunity extended to qualified persons and firms interested in doing business with the town and town departments.

DEPARTMENT MAKING PURCHASE RESPONSIBILITIES: The procurement process is a combined effort between the using department or agency and the Purchasing Department. The responsibilities of the using department and/or agencies include:

- Allow ample lead-time for the Purchasing Department to process bid/proposal requests, issuance of purchase orders, execution of contract documents and any other task performed by the Purchasing Department.
- Plan purchases in advance to eliminate avoidable urgent or emergency situations.
- Ensure funds have been allocated and approved by the City Council.
- Advise in writing issues or dissatisfaction as soon as they arise with any vendor's performance related to terms, conditions, specifications and performance of their contracts or purchase orders.
- Inform accounts payable of purchases when state, federal or grant funds will be used.
- Ensure that the purchasing policy is followed by all personnel prior to any purchase.
- Enter requisitions for all purchases while ensuring that all proper backup is attached during requisition entry.
- Ensure that proper internal controls are in place for all purchasing transactions.

Section 1. Purchasing Agent. Except as otherwise provided in this policy, all orders for supplies, materials, equipment, and services shall be assigned a PO (Purchase Order) number by the purchasing agent. The purchasing agent will verify that all requirements for purchase have been completed. Once such requirements have been verified, the purchase may be approved and acquired by the purchasing agent or his/her designee. **The purchasing agent is not held accountable for purchases made without following the proper steps in this purchasing manual. The department head will be held accountable for this action, and he/she will be responsible for documenting by email or signed invoice that they are aware the purchase was not made in compliance with this policy prior to the purchasing agent paying the invoice.**

Section 2. Requirements for Purchase. As stated in Section 1, the purchasing agent will verify the requirements for the purchase that have been completed. Those requirements are as follows:

- a) No invoice for supplies, materials, or equipment shall be approved for payment until such supplies, materials, etc., have been received and inspected by the department head or authorized town employee to verify the products are in acceptable condition.
- b) After the inspection of delivered items, the department head or the authorized town employee must obtain the proof of delivery, bills of lading, delivery tickets, or other documentation related to the purchase, including all warranty cards, and submit with the invoice for payment. If no proof of delivery can be obtained, the employee must complete a Missing Proof of Delivery Affidavit to submit with the invoice.
- c) Standardizing supplies and materials that can be bought in large quantities can save money. Thus, department heads should adopt as standards the minimum number of quantities, sizes, and varieties of commodities consistent with successful operation. Where practical, materials and supplies should be bought based on requirements for a six-month period.
- d) The Town is exempt from the payment of excise taxes imposed by the federal government, and suppliers should be requested to deduct the amount of such taxes from their bids, quotations, and invoices. If the purchasing agent sees taxes charged to the invoice, he/she may request the town employee which made the purchase to contact the vendor and request a credit for the tax amount charged.

Section 3. Purchase Requisitions and Purchase Orders (PO) Requirements.

A purchase requisition lets the accounts payable/finance department know, in detail, what the using department needs. A PO shall be completed by the purchasing agent if it meets one of the following criteria:

- a) If the purchase is appropriated through the annual budget and more than \$500.
- b) If the item is a capital good.
- c) If the vendor requests a purchase order or if the department head feels it is necessary.

How to Prepare a Requisition and Obtain a Purchase Order:

A requisition must be completed before a purchase is made, except when stated otherwise!

A properly processed purchase requisition must contain the following information:

- Date issued — The date the requisition is prepared.
- Date wanted — State a definite delivery date. "AT ONCE, ASAP, and RUSH" are vague instructions and don't give the purchasing department sufficient information. Prepare far enough in advance to avoid emergencies.
- Department — The complete name of using department.
- Department head — Signature of the department head

- To be delivered to — Be specific. If vague or indefinite, confusion may result in costly delays.
- Item number — Numerical order of items listed.
- Quantity — The number required.
- Unit — Dozen, lineal feet, gallons, etc.
- Description — Give a clear description of the items, including size, color, type, etc. If the purchase is of a technical nature, specifications should be attached to the requisition. If the item cannot be described without a great amount of detail, a brief description should be given, followed by a trade name and model number of an acceptable item “or approved equal.” Requisitions must not give specifications that will favor one supplier to the exclusion of any others.

NOTE: Incomplete information in this area will result in the requisition being returned to the using department for clarification.

- Account to be charged — Complete budgetary code.
- Unit price — Price for each individual item.
- Amount — A total of quantity times unit price.
- ***The requisitioner shall not split orders to avoid any provision of the city code or charter, this policy, or any other policy established by the city, nor shall requisitions be submitted for the sole purpose of using up budgetary balances.***

If a PO is required, the purchasing agent will convert the requisition only after being completed by the requestor and approved by the department head or his/her designee. The purchasing agent shall forward a copy of each PO to the requestor or department representative and place a copy of the PO in the purchasing file. If the Finance Director says there is not enough in the budget account, it will be referred to the purchasing agent, who will notify the department head in the absence of the Finance Director.

Material Receiving Report

The material receiving report form is designed to inform that item(s) of a particular order has been received.

- **When Prepared:**
This form is completed immediately upon receipt of materials, supplies, or services.
- **Who Prepares:**
The person receiving the merchandise.
- **How to Prepare:**
A proper material receiving report must contain the following information:
 - ❖ Purchase order number — The number from the purchase order on which the items were ordered. If not purchased from a purchase order, the following still applies.
 - ❖ From — Name of vendor
 - ❖ Material received by — Person receiving the item.

- ❖ Date received — Date the goods are received.
- ❖ Quantity — Number of items received.
- ❖ Description — Brief statement describing item(s)
- ❖ Price — Unit price from the purchase order
- ❖ Per — Unit measure (foot, lb., etc.)
- ❖ Amount — Amount equal to quantity times unit cost.
- ❖ Freight charge — Amount (if any) charged for delivery.

When any item(s) is not in satisfactory condition, a statement about the condition of the item(s) must be made in the description column. There is no need to write anything in this column if the item is undamaged.

Section 4. Purchasing Thresholds

Unless otherwise exempted by state law, the following limits apply to all purchases.

Purchases Costing Less Than \$3,000

The department head, after appropriation through the budget, is expected to obtain the best price and service available for purchases estimated from \$0.01 to two thousand nine hundred ninety-nine dollars and ninety-nine cents (\$2,999.99) and is exempt from the quote and bid requirements. . All contracts or agreements must be presented to the council and signed by the appropriate parties before the purchase is made.

Purchases of like items shall be aggregated for purposes of the quote threshold. The purchase authority shall not be used for purchases of a recurring nature and purchases shall not be split. A split purchase results when a total purchase of \$3,000.00+ is divided into more than one purchase event for the same or similar goods or services from the same vendor or multiple vendors to avoid the formal quote, bid, or proposal procurement method. When purchases are repetitive to the extent that the total of the goods or services nears \$3,000.00 within a fiscal year, the using department shall follow the procedures outlined for purchases over \$3,000.00.

Purchases under \$500 do not require a purchase order.

Purchases between \$3,000.01 to \$9,999.99

All purchase of supplies, equipment, services, and contracts estimated to be more than three thousand and one cent (\$3,000.01) but less than nine thousand, nine hundred, ninety-nine dollars and ninety-nine cents (9,999.99), shall be unadvertised, but require a minimum of three written quotes and should include an explanation if not awarded to the lowest responsive quote. All contracts or agreements must be presented to the council and signed by the appropriate parties before the purchase is made.

A written record of quotes shall be established and retained with the purchase order. Such documentation may be in the form of a letter, fax, email, or other written or printed document stating:

- ❖ The vendor's/contractor's/company's name, address, phone number,
- ❖ The person's name and title or position giving the quote,
- ❖ The price, including delivery, and
- ❖ A complete description of the product or service provided.

Online quotations may be used provided the above information is included.

No purchase shall be made without the required quotes.

When purchases are repetitive to the extent that the total of the goods or services nears \$10,000.00 within a fiscal year, the using department shall follow the procedures outlined for purchases over \$10,000.00.

The purchaser shall obtain a copy of the vendor's liability and workers compensation insurance policies showing coverage amounts for contracts involving construction or other service where the public or contractor's employees could be adversely impacted by the provision of the service. A copy of the policy shall be kept on file by the purchasing agent. The purchasing agent shall also verify budget account balances prior to issuing approval to purchase.

The purchaser shall obtain the vendor's W9.

Purchases between \$10,000.00 to \$24,999.99

All purchases made between ten thousand dollars (\$10,000.00) and twenty-four thousand nine hundred ninety-nine dollars and ninety-nine cents (\$24,999.99) shall follow all the purchase requirements above, with the addition of getting permission of the purchase from City Council. All contracts must be presented to the council and signed by the appropriate parties before the purchase is made.

Purchases \$25,000.00 or greater – Competitive Sealed Bids

All purchases of supplies, equipment, services, and contracts estimated to be more than twenty-five thousand dollars (\$25,000), shall follow the procurement rules for competitive bidding as follows:

- a) The expenditure request shall be taken to the City Council for review and approval to start the bidding process. The expenditure request will be presented by the mayor, department head, purchasing agent, city recorder, or the finance director at the next regularly scheduled or special called meeting of the City Council.
- b) The City Council shall have the authority to approve or disapprove the expenditure request to comply with the annual budget, or for any reason it deems it is in the public interest. The reason for denial shall be stated and recorded in the meeting minutes.

Upon denial, the City Council shall supply direction as to how to handle the situation that prompted the expenditure request.

- c) If approved, the department head shall deliver to the City Recorder a written requisition for the items to be purchased. Such request shall include a description of the items, specifications for the items, an estimated cost of the items, recommended sources and shall include the budget line-item code to which the purchase is to be charged. Bid specifications shall be attached to the request for advertisement.
- d) All requisitions approved by the City Council shall be signed by the mayor and department head.
- e) The department head or employee making the purchase shall follow procedures set forth in the sealed bid requirements.

Once City Council has approved the expenditure request over twenty-five thousand dollars (\$25,000.00) the following procedures must be done to obtain the competitive sealed bid(s):

All purchases over twenty-five thousand dollars (\$25,000), require sealed bids to be submitted to Town of Ashland City: City Hall, Attention: City Recorder prior to a specified bid due date and time. The bids from responsive bidders shall be publicly opened by the City Recorder (or designee) and read aloud. The City Recorder will prepare a summary of the bids and provide the bids and summary for presentation to the City Council. All such bids shall be submitted for award at the next regularly scheduled City Council meeting or special-called meeting together with the recommendation from the department head or purchasing agent as to the best selection for contract performance.

The following policies shall apply to sealed bids:

- a) Plans, specifications, and estimates for any public works project exceeding \$25,000 must be prepared by a registered architect or engineer as required by TCA 62-2-107.
- b) Notice inviting bids shall be published in the council approved newspaper, as required by law, at least five days (5) preceding the last day to receive bids. The newspaper notice shall contain a general description of the good(s) or services to be procured, and the date, time, and place for opening bids. This shall be submitted by the City Recorder
- c) In addition to publication in the required newspaper, the City Recorder may take other actions deemed appropriate to notify all prospective bidders of the invitation to bid, including, but not limited to, advertisement on community bulletin boards, the Town's website, in professional journals and electronic media.

d) The City Recorder shall keep a record of all open orders and bids submitted in competition for all PO's as required by the ordinance for bidding, including a list of the bidders, the amount bid by each, the method of solicitation and bidding, and Title VI compliance. All records shall be open to public inspection and maintained in the recorder's office. At a minimum, the bid file shall contain the following information on qualifying orders:

- ❖ Request to start bid procedures – the requisition if applicable.
- ❖ A copy of the bid advertisement if applicable.
- ❖ A copy of the bid item specification if applicable.
- ❖ A list of bidders.
- ❖ A copy of the PO.
- ❖ A copy of the invoice.
- ❖ A copy of the signed and dated receiver.
- ❖ Statement if lowest bidder is not awarded.

e) No bids received after the time and date advertised will be accepted. All late bids will be returned unopened to the vendor explaining the policy. This includes bids that are postmarked after the specified time.

f) No telephone bids will be accepted.

g) The purchasing department or council may request a sample product as part of the bid. If this is stated on the bid proposal form, the vendor is required to comply with this request.

h) Mistakes in bids detected prior to bid opening may be corrected by the bidder withdrawing the original bid and submitting a revised bid prior to the bid opening date and time.

i) City Recorder may require the bidders submit a bid bond or other acceptable guarantee equal to five (5) percent of the bid to ensure that the lowest responsible bidder selected by the board enters a contract.

j) City Recorder may require and then include in the bid documents a requirement for the successful bidder to post a performance bond or other guarantee satisfactory to the town attorney that insures the faithful performance of all the terms and conditions of the purchase contract.

k) Should it be found, after bids have opened, that a product has been offered with an alternative specification and that this product would be better for the city to use, all bids for that item may be rejected and specification redrawn to allow all bidders an equal opportunity to submit bids on the alternate item.

Section 5. Considerations in Determining Bid Awards. The following criteria shall be considered in determining bid awards:

- The ability of the bidder to perform the contract or provide the material or service required.
- Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
- The character, integrity, reputation, judgment, experience, and efficiency of the bidder.
- The previous and existing compliance, by the bidder, with laws and ordinances relating to the contract or service.
- The quality of performance of previous contracts or services, including the quality of such contracts or services in other municipalities, or performed for private sector contractors.
- Compliance with all specifications in the solicitation for bids.
- The ability to obtain and maintain any requisite bid bonds or performance bonds.
- Total cost of the bid, including life expectancy of the commodity, maintenance costs, and performance.
- When a bid results in a tie, one in which two or more vendors bid identical items at the same unit cost, the winning bidder amount tie bids may be determined by one of the following:
 - ❖ Discount allowed.
 - ❖ Delivery schedule
 - ❖ Previous vendor performance
 - ❖ Trade-in value offered.

In the case of a tie bid on identical items and all the factors above are equal, vendor location may be considered.

- When the lowest bid is not awarded, a full and complete statement of the reason shall be prepared by purchasing agent, department head, or City Recorder and kept in the bid file.

Section 6. Exemptions from Competitive Procurement Process

The following purchases, leases and lease purchases shall be exempt from the foregoing competitive procurement process. The Purchasing Agent, or his/her authorized designee, prior to purchase, shall approve all such purchases to be awarded pursuant to any of the exceptions in this subsection, except as may otherwise be provided herein pertaining to emergency purchases.

- **Sole Source Purchases:** Sole source of supply, or proprietary products, as determined after a thorough search for suppliers for the goods or services by the director or department head, under the direction and in consultation with the Purchasing Agent. TCA 6-56-304 requires a report of the sole source or proprietary purchase must be documented

by enumerating the following: amount paid, items purchased, vendor. Report must be provided to the governing body and the financial director as soon as possible.

- **Emergency Purchases:** Emergency purchases with the subsequent approval by one of the following: (1) City Recorder (2) Finance Director, or (3) the Mayor. TCA 12-3-1207 requires: A record of any emergency purchase shall be made by the person or body authorizing the emergency purchase, specifying the amount paid, the items and services purchased, from whom the purchase was made, and the nature of the emergency. A report of the emergency purchase through competitive sealed proposals containing all relevant information shall be made as soon as possible by the person or body authorizing the purchase to the municipal governing body.
- **Purchases through state contracts** (T.C.A. § 12-3-1201)
- **Investments in or purchases from the Local Government Investment Pool** (TCA § 6-56-302)
- **Purchases from Government Instrumentalities:** Purchases from instrumentalities created by two (2) or more cooperating governments (T.C.A. § 6-56-302).
- **Purchases from Nonprofit Corporations:** Purchases of goods and services from nonprofit corporations formed to specifically serve municipalities (T.C.A. § 6-56-302).
- **Purchases, leases, or lease-purchases of real property** (T.C.A. § 6-56-304).
- **Purchases of perishable commodities and fuel and fuel products** when purchased on the open market (T.C.A. § 6-56-304); purchases of natural gas and propane for re-sale (T.C.A. § 6-56-304).
- **Purchases, leases, or lease purchases of secondhand articles** or equipment, etc., from federal, state, or local government units or agencies (T.C.A. § 6-56-304).
- **Purchases of materials, supplies, commodities, and equipment at public auction** (T.C.A. § 12-2-421).
- **Purchases of goods and services through a reverse auction** (T.C.A. § 12-3-1208).
- **Purchases of energy-related services through contracts** (T.C.A. § 12-4-110).
- **Purchases of motor vehicles and intoxicating beverages seized and confiscated by the State** (T.C.A. 12-2-201).
- **Purchases of supplies, equipment, and services by another governmental entity at the request of a municipality** (T.C.A. § 12-3-1203).
- **Purchases made through cooperative purchasing agreements** (T.C.A. § 12-3-1205 and § 12-9-101 et seq).
- **Purchases of any of the insurance as provided in Tennessee Code Annotated, title 29, chapter 20** (T.C.A. § 29-20-407); and
- **Purchases from Tennessee State Industries:** Purchases of articles from TRICOR (T.C.A. § 41-22-119 through 121).
- **Purchases of professional service through contracts and contracts for architects, engineers, and construction services** (T.C.A. § 12-3-1209 and § 12-4-107); Purchases and contracts for legal services, fiscal agents, financial advisor or advisory services, educational consultant services, architectural services, engineering services, and similar services by professional people or groups with high ethical standards shall be made pursuant to the provisions of state law of general application, to include Tennessee Code

Annotated (T.C.A.) § 12-3-1209 and T.C.A. § 12-4-107, as may be amended.

Professional service contracts shall be awarded based on recognized competence and integrity, rather than on competitive solicitations; the City may interview eligible vendors to determine the capabilities of such vendors. The City will enter a negotiated contract with the professional service provider.

T.C.A. § 12-4-107 includes additional requirements for governmental entities in the procurement of architectural and engineering professional services. The municipality may seek qualifications from any firm or firms licensed in the state and interview any or all. The qualifications and experience of all the firms under consideration will be evaluated. The successful firm deemed most qualified will meet with the municipality in an attempt to negotiate a contract, the compensation of which is fair and reasonable to the government. Should the municipality and the firm be unable to negotiate a contract with a satisfactory price, negotiations will continue with other qualified firms until a satisfactory agreement is reached.

In the event a municipality has an existing satisfactory relationship with a qualified architectural or engineering firm, the municipality may expand the scope of the services without seeking qualifications from other licensed firms. T.C.A. § 12-4107(a)(1)(D).

For local construction projects or additions to existing buildings, a local government may contract for a construction management agent or advisory services or construction manager at-risk services. Construction management services may be performed by a qualified person licensed under the Contractors Licensing Act of 1994 or by a licensed architect or engineer. T.C.A. § 12-4-107.

Construction management services are to be procured for each project through a written request for proposals (RFPs) process through advertisement. RFPs will indicate the service requirements and the factors used for evaluating the proposals. A governing body may perform work on the project with its own employees and may include the coordination and oversight of this work as part of the services of a construction manager, agent or advisor. T.C.A. § 12-4-107.

All construction work under the coordination and oversight of the construction manager shall be procured through competitive bid. T.C.A. § 12-4-107.

- **Repairs:** For repair services or parts for damaged, inoperable, or less than fully operable equipment, three (3) or more written quotes (estimates) shall be required. If the actual cost of the repairs exceeds the lowest quote (estimate) due to unanticipated repairs that could not have been reasonably foreseen, the additional cost above the quote (estimate) shall be approved on an emergency purchase basis.

- **Change orders:** Change orders to existing construction or improvement contracts within established budgetary limits shall be approved by the council and other interested parties.

Section 7. Rejection of Bids. The City Council shall have the authority to reject all bids or parts of bids when the public interest is served thereby. The City Council shall reject all bids or parts of bids where the supplier has been specifically excluded from bidding work by unanimous vote. The Town shall not accept a bid from a vendor or contractor who is in default on a contract or on the payment of taxes, licenses, fees, or other monies of whatever nature that may be due to the Town by said vendor or contractor. City Council has the right to deny any bid where family or friends of town employees will directly be involved in the project or the project will benefit the town employee's family member, unless the vendor is a sole source provider, meaning the work is not able to be done by any other company.

Section 8. Making Emergency Purchases.

- **Purpose:**

Emergency purchases are to be made by departments only when:

- actual emergencies arising from unforeseen causes occur, including delays by contractors, delays in transportation, and unanticipated volume of work; and
- when property, equipment, or life are endangered through unexpected circumstances; and
- materials, services, etc. are needed immediately.

Emergency purchases are not the failure to recognize the need for a product or service during budgeting or during the town's normal business operations.

- **Who Makes Emergency Purchases:**

Emergency purchases, either verbal or written, may be made directly by the using department without competitive bids, provided sufficient funds are available and necessary approvals have been secured.

- **How to Make Emergency Purchases:**

After determining a true emergency exists, the following procedure should be followed:

1. Notify the Finance Director and or the mayor of the need and nature of the emergency. They will give verbal approval and the department making the emergency purchase (using department) shall complete a handwritten emergency purchase form.
2. The Using department must make sound judgment about price when making emergency purchases of materials and supplies and for labor or equipment. Orders should be placed by those who have a good track record with the department.
3. Suppliers shall furnish sales tickets, delivery slips, invoices, etc., for the supplies or services rendered. Terms of the transactions, indicating price and other data, shall be shown.
4. As soon as the purchase is complete, on the same or following business day, the using department must:

- Give the accounts payable department a complete requisition with a description of the emergency showing approval by the department head and mayor.
 - Give the accounts payable department all paperwork pertaining to the emergency purchase that the supplier has furnished.
5. As soon as possible, the person authorizing the emergency purchase must prepare a report to the financial director and the governing body specifying the amount paid, the item(s) purchased, from whom the purchase(s) was made, and the nature of the emergency.

- **Emergency Purchases General Information:**

Emergency purchases are costly and should be kept to a minimum. Avoiding emergency orders will save the city money.

Section 9. Suspension and Debarment of Vendors. The Finance Director may suspend or debar a vendor for cause, the right of a vendor to be included on a vendor list, and any bid/proposal response from that vendor rejected.

Suspension - A vendor may be suspended for a period not to exceed two (2) years as determined by the Finance Director based upon, but not limited to, the following:

- Default or failure to fully comply with the conditions, specifications, drawings, or terms of a quote, bid, proposal or contract with the City;
- Vendor commits any fraud or misrepresentation in connection with a quote, bid, proposal or contract;
- Vendor is charged by a court of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract (of any kind) or in the performance of such contract or subcontract;
- Vendor is charged by a court with any of the following: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a city contractor;
 - ❖ If charges are dismissed or the vendor is found not guilty, the suspension shall be lifted automatically upon written notification and proof of the final court disposition provided by the vendor;
- Vendor becomes insolvent, has proceedings in bankruptcy instituted against, compounds its debts, or assigns over its estate or effects for payment thereof, or has a receiver or trustee appointed over its property;
- Vendor violates the ethical standards set forth in local, state or federal law;
- Vendor is found to have colluded in order to receive business from the City;
- Default on the payment of taxes, licenses or other monies lawfully due to the City;

- Or any other cause the Finance Director determines to be so serious and compelling as to materially and adversely affect the capability of the vendor to function as a city contractor.

Debarment - A vendor may be permanently debarred for the following:

- Default or failure to fully comply with the conditions, specifications, drawings, or terms of a quote, bid, proposal, or contract with the City on more than one occasion.
- Conviction by a court of law for the commission of those offenses in connection with the vendor's enterprise as stated in sections 3 and 4 of the Suspension section above. If the conviction or judgment is reversed through the appellate process, the debarment shall be removed immediately upon written notification and proof of the final court disposition provided by the vendor.

Section 10. Petty Cash. To buy items that cost less than \$50.00 from businesses that don't issue invoices or charge accounts, a petty cash fund must be set up by the finance director. The department head is solely responsible for any withdrawals from this account. All receipts or requests for monies from this fund must contain the departmental code and be signed by the department head and receipt given to accounts payable.

This fund should be used only if other purchasing methods are not applicable.

The finance officer may establish more detailed procedures for the use of the petty cash fund.

Section 11. Items Covered by Warranty or Guarantee. The city buys many items that have a warranty or guarantee for a certain length of time, such as tires, batteries, water heaters, roofs, and equipment. Before these items are repaired or replaced, the warranty should be used. The purchasing department shall maintain an active current file with complete information on such warranties or guarantees. All copies of warranties must be remitted to the accounts payable department with the invoice indicating date of receipt.

Section 12. Signatures Required. Contracts, applications for title, tax exemption certificates, agreements, and contracts shall not be signed by any city employee other than City Recorder, Finance Director, and Mayor. No contract shall be executed or signed before taking the contract before the council for approval. Contracts and Agreements must be signed by Mayor after council approval.

Section 13. Sale of Surplus Property. When a department head determines there is surplus equipment or material in the department, he or she shall notify the City Recorder in writing. A listing of surplus equipment that includes purchase date, amount, and current condition should be provided to the governing body for approval of disposal. Items with an estimated value of less than \$300 should be disposed of in cooperation with the department head. Items with an estimated value of more than \$300 should be sold at public auctions or advertised for bidding

after approval from the governing body. Such equipment or materials will be sold to the highest bidder.

With approval of the governing body, surplus equipment or material may also be transferred from one department to another. The transferring department must be sure the finance officer is informed of the transfer or sale.

Section 14. City Credit Card Policy. The Town adopted a credit card policy by resolution August 2021. Prior to issuing a city credit card to authorized employees, the authorized cardholders are required to read and sign the policy stating they acknowledge and will comply.

Section 15. General Purchasing Information.

- **Federal Excise Tax**

The city is exempt from the payment of excise taxes imposed by the federal government, and suppliers should be requested to deduct the amount of such taxes from their bids, quotations, and invoices.

- **Purchasing Enough Supplies**

It is in the best interest of the department to order supplies in “bulk” to cover at least 6 months of operation and all purchasing requirements still apply.

- **Standardization Requirements**

Standardizing supplies and materials that can be bought in large quantities can save a great deal of money. Thus, department heads should adopt as standards the minimum number of quantities, sizes, and varieties of commodities consistent with successful operation. Where practical, materials and supplies should be bought based on requirements for a six-month period.

- **Inspection of Deliveries**

No invoices for supplies, materials, or equipment shall be accepted for payment until such supplies, materials, etc., have been received and inspected by the department head.

- **Correspondence with Suppliers**

Copies of any correspondence with suppliers concerning prices, adjustments, or defective merchandise shall be forwarded to the accounting department. All invoices, bills of lading, delivery tickets, and other papers relating to purchases shall be sent to the accounting department.

- **Claims**

The department doing the purchase shall prosecute all claims for shortages, breakages, or other complaints against either shipper or carrier in connection with shipments.

- **Public Inspection of Records**

The purchasing agent shall keep a complete record of all quotations, bids, and purchase orders. Such records shall be open to public inspection.

- **Designee**

When a position such as purchasing agent, finance director, or department head is mentioned, their assistants or designees are acceptable substitutes if they have written permission to do so.

- **Registration and License Requirements**

Architect or Engineer Required: T.C.A. § 62-2-107 provides that state and local governments shall not engage in the construction of public works projects involving architecture, engineering, or landscape architecture without having plans, specifications, and estimates made by registered architects, registered engineers, or registered landscape architects. This requirement does not apply if the cost of the complete project does not exceed fifty thousand dollars (\$50,000), and the work does not alter the structural, mechanical, or electrical system of the project, or the project cost does not exceed one hundred thousand dollars (\$100,000) and the project is located in a state park, and the work is solely maintenance, as defined in the state building commission policy and procedures.

Public Works Contracts: Contractors and subcontractor services for public works contracts exceeding \$25,000 shall comply with licensure requirements contained in T.C.A. § 62-6-102

- **Insurance and W9's**

The purchaser shall obtain a copy of the vendor's liability and workers compensation insurance policies showing coverage amounts for contracts involving construction or other service where the public or contractor's employees could be adversely impacted by the provision of the service. A copy of the policy shall be kept on file by the purchasing agent. The purchasing agent shall also verify budget account balances prior to issuing approval to purchase. The purchaser shall obtain the vendor's W9.

Section 16. Conflict of Interest

- Grant contracts will reference all requirements applicable to that grant project.
- No employee, officer, agent, any member of an employee's immediate family or his or her partner shall have any financial interest or a tangible personal benefit in the profit of any contract, service or other work performed for the City. He/she shall not personally profit directly or indirectly from any contract, purchase, sale or service between the City and any person or company. A conflict of interest would also arise when the parties indicated herein are employed or about to be employed by a person or company wishing to do business with the City. Any member listed in this section violating the provisions of this rule shall be subject to appropriate disciplinary action including termination.
- "Direct Interest," means any contract with the employee himself or with any business in which the employee is the sole proprietor, a partner, or the person having an ownership interest in the business.

- "Indirect Interest" means any contract in which the employee has no direct interest however a spouse, partner or relative has an interest in the contract. A conflict of interest exists if the spouse, partner or relative commingle their assets.
- No employee, officer or agent of the Town of Ashland City may participate in the selection, award or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest.

Section 17. Vehicle Insurance Claims When a city vehicle has been involved in a wreck and will need repair, it is the responsibility of the department head to contact the City Recorder with all information in a timely manner so a claim can be submitted. When making payments to vendors for these repairs, it is required to complete the Vehicle Insurance Claim form and submit it with payment to accounts payable.

Section 18. Legal Status Provisions

- **Liability for Excess Purchases**
This resolution shall authorize the purchase of materials and supplies and the procurement of contracts for which funds have been appropriated in the annual budget or which have been authorized and lawfully funded by the City Council. The Town shall have no liability for any purchase made in violation of this resolution.
- **Additional Forms and Procedures**
The purchasing agent is hereby authorized and directed to develop such forms and procedures as are necessary to comply with this resolution.
- **Interpretation**
Words herein in the singular number shall include the plural, the present tense shall include the future, and the masculine gender shall include the feminine and neuter.
- **Severability**
Should any section, paragraph, sentence, clause, or phrase of this resolution or its application to any person or circumstance be declared unconstitutional or invalid for any reason or should any portion of this ordinance be pre-empted by State or Federal law or regulation, such decision or legislation shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.
- **Repeal**
All previously passed resolutions, parts of resolutions, which are inconsistent with the provisions of this resolution are hereby repealed to the extent of such inconsistency.
- **Effective Date**
This resolution shall be effective immediately after final passage, the public welfare requiring it.

I _____, as purchasing designee for
_____ department, hereby acknowledge receipt of the Town of
Ashland City Purchasing Policy.

I agree to accept responsibility for following this purchasing policy. Any improper or
unauthorized purchases, or not following the policy may result in disciplinary action up to and
including termination in accordance with Town of Ashland City personnel policy, in addition to
any criminal penalties that may apply. The purchasing designee rights may be suspended or
revoked at the discretion of the Finance Director at any time with notice.

Purchasing Designee: _____ Date: _____

Department: _____

Department Head: _____ Date: _____

Finance Director: _____ Date: _____