

PURCHASING AND ACCOUNTS PAYABLE

General Information

Purpose:

The purpose of this section is to set forth all laws and regulations and any other pertinent information that must be in effect with the implementation of Title 31, Chapter 7, Mississippi Code of 1972, annotated. The policies and procedures set forth herein are to establish guidelines applying to the procurement of any commodities, equipment, and construction; purchased, leased, or rented with public funds.

Authority of the Purchasing Department:

The Administration department is granted the authority to perform all purchasing functions as described in this manual and the purchasing agent is the individual responsible for proper execution of all department responsibilities.

Goals and objectives:

Each department must be prudent with the expenditure of public funds. The Administration/Finance department is to provide prompt and effective guidance and oversight to user departments and vendors; ensure compliance with State Purchasing guidelines and remain impartial in the award of bids.

Policies and Instructions

Policy:

The Administration/Finance department must service all city departments and must comply with good purchasing practices, applicable city ordinances, state and federal laws as set forth in this manual and State Purchasing Statutes.

Purchasing:

All purchases by the City of Diamondhead which will be paid for with public funds shall be made pursuant to the purchasing laws of the State of Mississippi, Section 31-7-1 et seq.

It is the intention of the city council to purchase competitively without prejudice and to seek maximum value for each and every dollar expended.

Timely Payment

The City of Diamondhead hereby declares that it is essential to the efficient operation of this municipality that adequate supplies of goods and services continue to be available from private sources; that the good name and credit of the city may be promoted by timely and responsible payment of just claims; and that fair compensation be awarded suppliers when payments of their claims are delayed without justification.

As it relates to timely payments, the city will comply with all applicable provisions of the Mississippi Code of 1972 Annotated including but not limited to § 31-7-305 as amended, and with all other applicable federal and state laws.

REPORT OF LATE PAYMENTS

Whenever a vendor brings formal administrative or judicial action to collect interest due under this act, the school district shall be required to pay any reasonable attorney's fees if the vendor prevails. ' 31-7-307 and 31-7-309.

Procedures

All city personnel must comply and adhere to requirements set forth below. **A purchase order must be obtained prior to any order on any commodity or service being placed.**

Exception: Procurement Card - Purchases made under the Procurement Card Program do not need a Purchase Order but **prior approval is still required** before purchasing any commodity or service.

Exception: Emergency Purchase outside of City Hall business hours – An Emergency purchase is defined by State Statute as (31-7-13)

Exception: Declaration of Emergency by the State or City Council. If a State of Emergency has been declared, purchases made in response to such emergency by the City shall be made pursuant to MS Code of 1972 §33-15-17 or as otherwise noted in this policy.

FEDERAL PURCHASING AND PROCUREMENT

The City of Diamondhead, shall strictly adhere to guidance and rules outlined by the Office of Management and Budget (OMB). Contracts funded with federal grant or loan funds shall be procured in a manner that conforms with all applicable Federal laws, and standards, including those under the Uniform Guidance (2 C.F.R. Part 200).

This includes, but it not limited to, the following:

2 CFR Part 200-318; General Procurement Standards

2 CFR Part 200-319: Competition

2 CFR Part 200-320: Methods of Procurement to be Followed

2 CFR Part 200-321: Contracting with Small and Minority Businesses, Women's Business Enterprises and Labor Surplus Area Firms

2 CFR Part 200-322: Domestic Preferences for Procurement

2 CFR Part 200-323: Procurement of Recovered Materials

2 CFR Part 200-324: Contract Cost and Price

2 CFR Part 200-325: Federal Award Awarding Agency or Pass-through Entity Review

2 CFR Part 200-326: Bonding Requirements

2 CFR Part 200-327: Contract Provisions

Accounting

Invoices:

State law requires that the City shall keep a record of the date of the receipt of the invoice, dates of receipt of goods and/or services and the date of inspections or approval of goods and/or services. The City shall require an invoice from the vendor and that payment of the invoice is processed and mailed no later than 45 days of receipt of the invoice and completed receipt of the goods and/or services. In the event of a dispute, the City shall pay only the amount not in dispute. (Miss Code 31-7-305).

Upon delivery of each order and its acceptance by the City, the department or division must sign the delivery ticket and/or invoice.

Payment:

After acceptance of order and receipt of a valid, correct invoice, the accounting office must post the invoice on the claims docket for payment which must be approved by the City Council prior to payment.

Transportation charges:

All purchase orders/contracts must specify that transportation is F.O.B. destination or freight prepaid by the supplier and invoiced to the city.

No contract must provide for shipments that are freight collect.

Travel Policy

Travel authorizations must be submitted to the City Manager for signature approval. The requestor can enter requisitions for applicable expenses, i.e., per diem, registration fees. Per Diem is allowed for meal(s) when the distance exceeds 60 miles or more from the duty station.

If out of pocket expenses are incurred during official travel, a Travel Expense Form must be filled out upon return and submitted to the City Manager for approval.

The following are expenses that may be reimbursed by the City:

- (1) Hotel/Motel;
- (2) Registration;
- (3) Book fees;
- (4) Gas for city vehicles if not available from Fuelman and/or mileage reimbursement;
- (5) Repairs to city vehicle if out of town;
- (6) Car rental (if approved);
- (7) Air fare.

Use of city vehicle(s) while on travel. It is the responsibility of the employee to determine the availability of a city vehicle for the specified travel time. It is prudent of the employee to use a city vehicle rather than use of a personal vehicle. If a city vehicle is not available, then the employee must be reimbursed for mileage at the current State mileage rate.

City of Diamondhead Accounting Policies and Procedures Manual

Meal per diem and mileage rates can be determined by referencing the GSA website at www.gsa.gov/mie.

Receipts must be turned in with the reimbursement form within 3 (three) working days of returning from the authorized travel.

Employees traveling on official city business are expected to exercise the same care incurring expenses as would a prudent person traveling for personal reasons. Travel for business should be conducted at a minimum cost for achieving the success of the mission.

Employees traveling on official city business are responsible for ensuring compliance with Section 25-3-41, Mississippi Code of 1972. It is the responsibility of the employee to verify all costs related to the travel request being submitted for approval are valid and allowable.

Penalties

The penalties for violating purchasing laws have been paraphrased for clarity. For further information, please reference the sections of the MS code as noted.

City employees and elected officials

Any person who intentionally, willfully, and knowingly violates the provisions of section 31-7 commits a misdemeanor and is subject to a fine of not less than \$100 nor more than \$500 or imprisonment for not more than 6 months, or both, for each offense, and must lose their job.(Section 31-7-55 [3]).

Any person who derives personal benefit from any article of value received from a vendor:

Commits a misdemeanor if the value is less than \$500, and is subject to a fine of not less than \$100 nor more than \$500 or imprisonment for not more than 6 months, or both

-or-

Commits a felony if the value is more than \$500, and is subject to a fine of not less than \$1000 nor more than \$5000 or imprisonment for not more than 1 year nor more than 5 years, or both,

-and-

Must lose their job and have to return the monetary values of the article to the city. (Section 31-7-55 [4]).

Any person who (in error) buys or authorizes payment for anything not authorized by law or in a manner not prescribed by law must be personally liable to completely repay the city for all financial loss resulting from their error. (Section 31-7-57 [1]) (Section 31-75-57 [3]).

Any person who (knowingly) substantially departs from the legal methods of purchasing may have to pay the city up to 3 times the total amount of the purchase. (Section 31-75-57 [4]).

Reimbursements

Employee/Travel Expenses:

All purchases should be made on a Purchase Order. If the Vendor will not accept a PO or Procurement Card as a payment option and the Employee must use personal funds, an Employee Reimbursement Voucher with the original itemized receipts must be submitted for reimbursement.

City of Diamondhead Accounting Policies and Procedures Manual

Please keep in mind that purchases for equipment, services, and state contract items must be paid from a purchase order. The Travel Expense Form will be returned to the employee; a PO is required.

Any items purchased by an employee that should have been processed on a PO will be returned to the department. A Purchase Requisition will need to be submitted with the employee as the vendor for reimbursement.

Employees CANNOT approve their own reimbursements. Approval must be acquired from their immediate supervisor.

Tax Exemption

The City of Diamondhead is exempt from paying State Taxes. If you have any questions, please contact the Purchasing Department.

1099 MISCELLANEOUS FORMS

Payments of \$600 or more made to independent contractors or other persons who render services to the City must be reported on a Form 1099. Accounts Payable produces Form 1099 annually in accordance to rules and regulations prescribed by the Internal Revenue Service.