

# **CITY OF GUSTAVUS**

## **Policies and Procedures**

Title: City of Gustavus Policy for Purchase Requisitions and Purchase Orders

### **POLICY:**

Purchase Orders are used when ordering products or services from an outside vendor, supplier or contractor. Purchase Orders are a commitment of the City to buy items listed or generally described. A purchase order is a legally binding contract and must be treated accordingly.

It is the policy of the City of Gustavus to facilitate the timely purchase of necessary operational equipment, supplies, and contracted work for City departments and administration of City owned property. Expenses, including but not limited to, operating equipment, supplies and contracted work must have a City of Gustavus Purchase Order issued from the City Treasurer.

Why purchase orders are necessary:

- Allows the City of Gustavus to use our tax-exempt status with vendors.
- Supports proper internal controls required by auditors.
- Suffices as a contract detailing requirements for small projects and purchases
- Easier to track available funds in department budget.
- Insures prompt receipt of items and payment of invoices.
- Supports efficient payments, expenditure tracking, and financial recordkeeping.

When purchase orders are not necessary:

- Per diem and reimbursable expenses for Business Travel (see Policy and Procedure for Small Procurement under \$10,000)
- Purchases from local retailers (within Gustavus or Juneau) not to exceed \$500.00. Receipt must be submitted to the City Treasurer. The City Treasurer is the custodian of all municipal funds and is responsible for their management. The City Treasurer oversees, controls, and approves all City department accounting systems and purchasing activities.
- When funds are encumbered for a specifically identified contracted project through the approved fiscal year budget, adopted NCO for a specifically identified project or under a signed and fully executed contract or professional services agreement.

Purchase Requisitions must be signed by the requestor for the purchase, and the issued Purchase order must be signed by the City Treasurer and the requestor. When the purchase order is requested by the Council or Mayor, the Mayor's signature (or in the Mayor's absence, the Mayor's designee) must be on the issued purchase order. The City of Gustavus recognizes that the presence of the Mayor's and the Treasurer's signature on an issued purchase order obligates the City to pay the expense whether or not a requestor's signature is affixed. If the purchase order is for locally contracted work, the City Treasurer will generally have the

local contractor sign the issued purchase order as a means of affirming their acceptance of the contract. At the discretion of the City Treasurer, outside vendors for large purchases may be asked to sign the PO as an affirmation of their acceptance of the order and its terms.

#### **PROCEDURE:**

Purchase orders may be requested by the Mayor, department heads, department administrators or special project managers authorized by the Mayor, using the Purchase Requisition form. Purchase orders will be issued by the City Treasurer when a purchase requisition is received, and approved funding is documented. The City Treasurer will verify funds available from a department budget before issuing a purchase order. If the appropriate budget line for the purchase lacks sufficient funds, the Treasurer will consult the City Administrator, and a Non-Code Ordinance may be introduced to ensure sufficient funds are available.

At the discretion of the City Treasurer the City may issue a blanket purchase order to a vendor with whom the City does regular business, covering small purchases, as generally described on the blanket purchase order, with set “not-to-exceed” amounts for any individual item and for the aggregate total, and with a closing date. A blanket purchase order may also provide for a series of individual purchases of a good or service at a set rate for a set period.

All purchase orders over \$5000.00 require the Mayor’s signature (or in the Mayor’s absence, the Mayor’s designee).

Quotes and estimates are not substitutes for invoices. The vendor should be informed that an invoice referencing the PO number is required for payment. Internet orders need an invoice for payment that includes vendor name, address, and total due (including any additional charges, i.e., shipping and handling).

When purchased items are received, or contracted work is complete, the requestor will advise the Treasurer and submit all appropriate documents, such as invoices, receipts and packing slips. Received invoices and packing slips will be matched to purchase orders prior to payment of the invoice. If the invoice exceeds the purchase order amount, the Treasurer will consult the requestor to ensure the item and/or work was invoiced correctly and is suitable to pay.

Purchase orders will not be carried over between fiscal years except for ongoing capital projects that will span the fiscal year transition. Before the end of the fiscal year, the Treasurer will notify requestors of outstanding purchase orders. All open purchase orders will be void on July 1<sup>st</sup>. If necessary, the requestor may resubmit a purchase request to the Treasurer.

In the absence of the City Treasurer, the Mayor may assume, delegate, or postpone the Treasurer’s purchasing functions for the duration of the absence.

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Signed

Mayor of the City of Gustavus

Date