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| POLICY ID: <i>FIN-004</i> | | TITLE: <i>Purchasing Policy</i> | |
| <input type="checkbox"/> ORIGINAL | <input checked="" type="checkbox"/> REVISION | APPROVED BY VILLAGE BOARD: | DATE: |
| EFFECTIVE DATE Immediate | | _____ | 7/27/2021 |
| | | VILLAGE CLERK | |
| APPLIES TO: | | <input checked="" type="checkbox"/> FLSA EXEMPT | <input checked="" type="checkbox"/> FLSA NON-EXEMPT |
| | | <input checked="" type="checkbox"/> REPRESENTED EMPLOYEES | <input checked="" type="checkbox"/> Non-REPRESENTED EMPLOYEES |
| <i>This policy applies to all Village of Kronenwetter employees in the categories checked in this section. Provisions within individual personal contracts or a collective bargaining agreement may supersede certain parts of this policy.</i> | | | |

POLICY

The Village of Kronenwetter hereby adopts this Purchasing Policy to maintain uniform purchasing rules for all departments, assist staff with guidelines on everyday purchases and to ensure that purchases are completed in a transparent manner so that the public may be aware of any expenditure. It is hoped that with the adoption of this policy that purchases can be streamlined, purchases can follow a regular method and that those that are outside of the organization can easily track expenditures to conform with open and honest government standards.

This policy shall be applicable to contracts for the procurement of supplies, services, and construction, entered into by the Village of Kronenwetter after the effective date of this policy. The Village shall apply this policy to all expenditures of public funds by a public agent for public purchasing irrespective of the source of the funds.

When the procurement involves the expenditure of federal assistance or contract funds, the procurement shall be conducted in accordance with any mandatory applicable federal law and regulations.

The Village Administrator shall be charged with the enforcement of the rules that are set out by this policy. In the case where the position of the Village Administrator is vacant, the Village Treasurer will be charged with enforcement of this policy.

The following regulations and requirements to organization behavior are hereby adopted:

- It shall be the policy of the Village of Kronenwetter to attempt to first purchase any item as locally as possible from Wausau Chamber, Mosinee Chamber and Village of Kronenwetter businesses when financially feasible and competitive.
- In the case where there is a State of Wisconsin cooperative purchasing agreement in place, the prices from these products shall be compared to locally purchased items and evaluation of support for local businesses, and the local economy shall be weighed against the amount of money that is saved by utilizing a State of Wisconsin purchasing agreement.
- At no time shall any Village employee participate directly or indirectly in a procurement activity when the Village employee shall financially profit from the purchase activity, in cases of this nature, a purchase shall be recommended to an employee's supervisor with employees recommending to a department head, and a department head recommending the purchase to the Village Administrator. In the case where there exists a conflict of interest in the position of the Village Administrator, the Administrator shall disclose such conflict to the governing body and the purchase activity shall be approved prior to purchase by the governing body.

- While price should be one of the most important factors in purchasing, transportation, impact on the environment and previous village experience with products shall also be weighed in making purchasing decisions. Any item that is lower in price but is passed over for any of the other reasons enumerated herein shall have that deciding factor noted in Village records.

PROCEDURE

GENERAL INFORMATION

Professional contracted legal, architectural, engineering, auditing, financial advising, ambulance, informational technology and garbage services, except in the case of emergency purchases, shall be reviewed for recommendation to the Village Board by the appropriate Committee. Contracts approved through the budget process are exempt.

Line Item budgeted contracts for repairs and maintenance of existing equipment under the purchasing levels detailed below, such as repairs to existing information technology equipment, utility pumps, traffic signals, window cleaning, floor waxing, vehicle repairs and building maintenance shall require only approval of the Village Administrator.

Purchases made by the Village of Kronenwetter are grouped under the following categories.

1. Purchases up to and equal to \$499.99. These purchases shall not require authorization of a department head before purchase but shall require the approval of the relevant department head, after the purchase is made.
2. Line Item budgeted purchases from \$500 up to an equal to \$2,500. These purchases shall require approval of the relevant department head prior to being purchased.
3. Line Item budgeted purchases over \$2,500 and up to \$10,000. These purchases shall require approval of the relevant department head and also the Village Administrator.
4. Purchases over \$10,000 and up to \$35,000. These purchases shall require approval of the relevant department head, Village Administrator, review by the Administrative Policy Committee (APC) and approval of the Village Board.
5. Purchases over \$35,000. These purchases shall require review by the Administrative Policy Committee and approval of the Village Board and shall follow the current applicable State of Wisconsin bidding procedure unless they are for services such as legal, engineering, architectural, etc.
6. Emergency Purchases

EXCEEDING BUDGETED EXPENDITURE LINE ITEM TOTAL

It is the assumption of the purchasing policy that all requested expenditures have been provided for in the current budget. Purchases that will result in the expenditure line item exceeding the current budgeted amount require approval before the purchase is executed. The Department Head shall first notify the Village Administrator that the expenditure being requested will result in the expenditure line item budget overage and provide written documentation regarding the expenditure to the Administrator and Finance Director/Treasurer.

The Village Administrator will have the authority to approve expenditures that exceed the line item budget up to \$5,000 and if the total applicable department budget will NOT result in an overage. These expenditures shall be reported to the APC and the Village Board.

Any expenditure request that will result in a line item budget overage will need to notify the Finance Director/Treasurer. These changes to the Budget are considered budget amendments which require Village Board approval and proper notification to the public per State of Wisconsin statutes.

UNAUTHORIZED PURCHASE

An unauthorized purchase will be considered a personal purchase and the individual who made the purchase may be personally liable for payment as well as subject to possible further disciplinary actions.

INVENTORY

Please refer to the Village Inventory Policy for details.

CAPITAL ASSETS

An item qualifies as a Capital Asset if it is over \$5,000 in value and has a life span of more than 5 years. Purchases of new capital items which are not replacing another capital item, require approval of the Village Board. All Capital Asset items are also Inventory.

LINE ITEM BUDGETED PURCHASES UP TO AND EQUAL TO \$2,500

These purchases can be handled in the most effective way deemed appropriate by the Department Head. Alternative price quotations are strongly encouraged but not mandatory. Periodic price quotations are acceptable for similar items purchased throughout the year even though individual orders are less than \$2,500 on budgeted items. (An example would be small automotive supplies.) Annual or semiannual price comparisons are to be made with purchases in between being made from the best source based on the most recent comparison.

LINE ITEM BUDGETED NON-ROUTINE PURCHASES OVER \$2,500 AND UP TO AND EQUAL TO \$34,999

Non-Routine Purchases over \$2,500 and up to and equal to \$34,999 will have multiple quotes in writing for review and consideration. Exceptions to the requirement can be made for sole source purchases, standardized equipment, standardized chemicals, or other similar circumstances. Items that are purchased periodically during the year can be purchased based upon annual price quotations. Such purchases must be submitted to the Village Administrator for approval in the form of a memo. Information to be included in the memo is as follows:

- Description of purchase
- Budget amount
- Recommended source and price
- If price is over budget, an explanation of and a budget transfer from where the additional funds will be obtained
- Alternate price quotations or explanation for not seeking them
- Explanation of recommendation if it is other than the lowest price

It should be noted that any purchases that exceed \$10,000 in nature will require approval by the Village Board in addition to the relevant Department Head and Village Administrator approval.

PURCHASES OVER \$35,000

Require the following:

Advertisement Information

Formal bids must be advertised in a local newspaper at least 10 business days before the bid opening. (Bid notices will also be available via the Village website.) The ad must include the date, time and location of the bid opening. The Village Administrator, in conjunction with the appropriate Department Head, will establish the time and date of the bid opening.

Bidders List

Departments will prepare a list of qualified vendors to be contacted for the submission of bids. Particular care should be taken to include appropriate local vendors. Bid specifications or notice of availability of specifications will be (e-)mailed to all vendors on the bidder's list. The bid specifications will also be made available via the Village website.

Written Specifications

Department Heads will prepare written specifications outlining the technical characteristics desired. These will be provided to all interested vendors. If appropriate, a mandatory pre-bid conference may be scheduled to assure adequate understanding of the specifications. All bidders must be notified in writing (use of e-mail is acceptable) of pre-bid conferences. Under no circumstances is staff to converse with any prospective bidder during the

bidding process outside of the pre-bid conference. Should it become necessary to revise any portion of a bid specification, notice shall be promptly delivered to all prospective bidders through a bid addendum.

Bid Opening and Recommendation

All competitively bid projects are to be sealed and opened by the respective Department Head and the Village Administrator. A witness will document the opening and attest the opening was conducted in their presence. Following the bid opening, the Department Head will make a written recommendation to the Village Board through the Village Administrator. The written recommendation shall include:

- Description of purchase
- Budget amount
- Recommended source and price
- If price is over budget, an explanation why and a budget transfer from where the additional funds will be obtained
- Alternate price quotations or explanation for not seeking them
- Explanation of recommendation if it is other than the lowest price

If approved by the Department Head and Village Administrator or Designee, a Resolution, as drafted by the Village Administrator may be adopted by the Village Board authorizing the acceptance of such bid.

Exceptions

Normally, services such as legal, engineering, architectural, etc., are exempt from the competitive bidding process. However, these types of services shall be purchased using the "Request for Proposals" (RFP) process. This is similar to a competitive bidding process but does not require some of the formality such as an advertisement. The focus of the analysis in an RFP is dependent upon the service needs. RFPs can be requested by the Village Board.

Other exceptions include sole source, need to standardize, etc. Such reasons should be appropriately detailed in the written recommendations to the Village Administrator. The Village may, in times of emergency waive the provision of this section.

These purchasing procedures are not to be used for Public Works type improvements where all or a portion of the costs are paid from assessments to the benefiting properties. Procedures established in Wisconsin Statutes 62.15, 62.29 shall apply.

EMERGENCY PURCHASES

Emergency purchasing procedures should be used only when normal purchasing channels are not available.

Whenever feasible, emergency purchases are to be approved by the Village Administrator. If it is not feasible to follow the normal procedures, the Department Head shall request a signature from the Village Administrator after the completion of an emergency purchase. The Department head will indicate the Emergency Purchase on the voucher including justification of the emergency purchase and sign-off is required by the Village Administrator.

Emergency purchases may be made:

- When there is a need for immediate delivery of items
- To prevent delays in work or construction schedules
- When there is an immediate threat to public health or safety
- To meet emergencies rising from unforeseen causes
- To prevent delays in critical maintenance repairs

Any emergency purchase approved by the Administrator will be coded to the emergency purchases account. The Finance Director/Treasurer will be notified that a budget amendment will need to be presented to the Village Board for approval.

PETTY CASH FUND

Petty cash drawers shall be used to make change only. It is discouraged to pay out any cash directly from the cash/petty cash drawer. Petty cash drawers shall be reconciled on a daily basis by the Accounting Clerk and any "cash out" shall be communicated to the Finance Director/Treasurer.

INTERNAL CONTROLS

Advertisement for bids must be published for all purchases at or above \$35,000 (not to include professional services such as engineering/legal contracts).

- Appropriate documentation (supporting invoices) must be attached for all disbursements.
- Original bills, not copies, must be used for documentation.
- All invoices must have Department Head approval prior to drawing the check.
- All disbursements are presented at Village Board Meetings.
- Every effort should be made to avoid finance or late charges.
- Accounts Payable Department will mail out checks.
- Adequate security must be provided over unused checks.
- Checks must NOT be signed prior to being completely filled out.
- Numerically controlled, pre-numbered checks must be used.
- The Treasurer will review all processed checks before the checks are distributed (ref. to FIN-003).