



Purchasing Policy and Procedures



- **Vendors**
- **Purchasing**

- **Credit Card**
- **Business Travel**



PURCHASING POLICY AND PROCEDURES

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PURCHASING POLICY AND PROCEDURES

Introduction

1.00 Introduction

Purchasing is the procurement of materials, supplies, equipment and services. Effective purchasing is buying at the lowest possible cost consistent with the quality needed for effective operation.

This manual is designed to acquaint you with information about the City's Purchasing policies and procedures. You should read, understand, and comply with all provisions of the manual. The goal of the Finance Department is to provide assistance to departments within the City for securing these materials/services in the most efficient and economical way. Purchasing can only achieve this goal through mutual cooperation with each City department and the vendors. These procedures are to ensure that there will be no fraudulent or discriminating processing of materials or services provided by outside vendors and/or employees. Through adequate planning and teamwork by all departments, much can be accomplished toward furthering the growth and service rendered.

No Purchasing Manual can anticipate every circumstance or question. As the City continues to grow, the City may revise, supplement, or rescind any policies or portion of the manual from time to time as it deems appropriate.

We believe that each Department contributes directly to the City's growth and success, and we hope you will take pride in being part of the City of Port Lavaca's Team.



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1.01 Purchasing Manual Acknowledgment Form

The Purchasing Manual describes important information about the City's internal controls and processes required to manage the day-to-day Accounts Payable operations. The manual is intended to inform Team Members handling accounts payable transactions and other accounting related functions about the formal policy guidelines and processes. These policies ensure that the work performed is consistent with the City's fiscal and internal control goals.

Since the information, policies, and procedures described in the manual are subject to change, I acknowledge that revisions to the Purchasing Manual may occur. All policy changes require the appropriate authorized approvals before they are implemented. I understand that revised information may supersede, modify, or eliminate existing policies.

I acknowledge that I have received the Purchasing Manual, and I understand that it is my responsibility to read and comply with the policies contained in the manual and any revisions and updates made to it.

(Please return this form to the Human Resources Department for inclusion into Personnel File.)

Team Member's Signature

Date

Team Member's Name (Typed or Printed)



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1.02 Purpose

The purpose of this policy is to establish the responsibilities and authorization limits for the procurement of supplies and services for the City of Port Lavaca. All procurement activities for the City shall be administered in accordance with the provisions of this policy, with the express intent to promote open and fair conduct in all aspects of the procurement process. The Accounts Payable Division is committed to providing quality service through effective teamwork and communication with City departments and vendors alike, in order to fulfill the purchasing needs of the City in a professional, responsive and timely manner in compliance with all City policies and applicable federal, State, and local purchasing laws. Public purchasing has the responsibility to obtain the most value for the tax dollar in a fair, efficient and equitable manner. Our policy is intended to:

- Give all suppliers full, fair, prompt and courteous consideration.
- Keep competition open and fair.
- Cooperate with suppliers and consider possible difficulties they may encounter.
- Observe strict truthfulness and highest ethics in all transactions and correspondence.
- Promote positive supplier relations through courtesy and impartiality.
- Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of any intentional misrepresentation.

1.03 Ethics Policy Statement

Public employment is a public trust. It is the policy of the City of Port Lavaca to promote and balance the objective of protecting government integrity. The foundations of honesty, respect, fairness, equality, teamwork and doing what is right for the citizens and the workplace is of utmost importance to the City of Port Lavaca. We are committed to making our behavior and decisions reflect these important aspects of employment. To accomplish this we will:

- Be honest in all areas of our jobs.
- Treat everyone with respect at all times, allowing for different cultures, abilities, races and belief systems.
- Strive to do the right thing at all times.
- Be accountable for our actions.
- Have standards that are the same for employees at all levels within the City.
- Guard the public's trust and be responsible with the use of revenue and resources.
- Be committed to giving the City of Port Lavaca our best and complete effort daily. Lead by example.

1.04 Conflicts of Interest

No employee or elected official shall have direct or indirect financial interest in any contract and/or purchase with the City, or be directly or indirectly financially interested in the sale of materials, supplies or services to the City.

See the Personnel Policy Manual for further details.



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1.05 Governing Authority

This policy manual is based on state law as found in the Texas Local Government Code and Federal Procurement standards in 2 CFR 200.317 – 2CFR 200.327 and Appendix II to Part 200 for procurement actions to be funded with Federal Funds. Any changes in state law and federal law will automatically supersede City Purchasing Policy. Copies of the Texas Local Government Code can be found in the appendix section of this policy or on the web at <http://www.capitol.state.tx.us>, and <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR45ddd4419ad436d/section-200.318>

Failure to comply with all of the provisions of this policy may result in disciplinary action up to and including termination in addition to any criminal penalties.

1.06 Authorities and Responsibilities

1.06.01 The **Finance Director** will assist as needed in the procurement of supplies, equipment and services for the City either on an individual basis or through annual contracts. These purchases will be in compliance with the Texas Local Government Code.

The Finance Director will:

1. Assist departments in purchasing or contracting of City supplies, equipment, and services.
2. Encourage competition and endeavor to obtain full and open participation in the bid process by all responsible vendors.
3. Maintain confidentiality of all information used in the bid process to be consistent with the State's open records law.
4. Maintain knowledge of current developments in the field of purchasing, prices, market conditions, and new products. Secure for the City the benefits of research done in the field of purchasing by other governmental agencies and private businesses.
5. Utilize all legitimate techniques such as volume buying, cooperative purchasing, and annual contracts to keep costs as low as possible.
6. Promote standardization whenever possible to include general conditions, specifications, quality standards, performance standards, equipment and supplies.
7. Work with departments/divisions to provide specifications with each bid request clearly identifying quantity/quality required and providing a basis for proper bid evaluation.
8. Implement improved methodology, procedures, and innovations in the Purchasing operation.
9. Conduct sale of surplus property and salvage material to be disposed of by the City.
10. Instruct City personnel on purchasing procedures.
11. Ensure compliance with all federal, state, and local laws and regulations.
12. Assist in coordinating and bidding all purchases over \$50,000.



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1.06.02 The using **Department** is/will:

1. Responsible for purchasing most equipment/supplies with a value less than \$50,000.
2. Responsible for obtaining supplies, equipment, and services that will receive the maximum return for dollars expended and not create unnecessary emergency order situations.
3. Complete a requisition form to request a purchase order ("PO") on orders \geq \$5,000.
4. Use Requisition Request Form to document HUB Vendor search for purchases \geq \$3,000.
5. Encourage competition and endeavor to obtain full and open participation in the bidding process by all responsible vendors.
6. Check to be sure that the appropriate budget line item information is correct and money available before any purchase is made or requested for the sealed bid process.
7. Responsible for verifying that budget accounts are not overspent. If the category lacks a sufficient balance, the requisition could be sent back to the using department. Final determination will be made by the Finance Director and/or City Manager. The department head may then:
 - a. Withdraw the request.
 - b. Request a budget transfer. **Transfers within a department require approval from the City Manager or his/her designee. All other amendments require City Council approval.**
 - c. Transfers from personnel lines are not allowed without City Manager prior approval.
8. Verify all of the necessary purchasing information and approvals- determine the appropriate vendor (if necessary), obtain competitive quotes (as deemed necessary), forward the requisition to the Finance department for issuance of the purchase order and follow-up on the receipt of the item purchased.
9. Suggest any new or approved methodology that could be advantageous to the City.
10. Encourage, remind, and instruct all employees involved in the purchasing/bid process to always nurture, maintain and promote good vendor relationships.
11. Responsible for verifying that all materials/services are received and specifications are met. Once materials/services have been received and verified to be correct, indicate receipt of materials, sign/date the receiving copy then forward to Finance for payment. Any variation in quantity must be noted on the receiving copy. If the quantity received does not agree with the vendor's packing slip or the material does not conform to specification, the vendor must be notified immediately.
12. **Instruct vendors to clearly display the Purchase Order Number on all invoices, delivery slips, cases, cartons, boxes, packing slips and bills of lading.**
13. Submit invoices for payments in accordance with Local Government Code **and 2 CFR 200**



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1.06.03 Accounts Payable is/will:

1. Responsible for routing and receiving any invoices as submitted in a timely manner.
2. Responsible for verifying that each invoice is approved by each department and contains General Ledger account code for payment purposes.
3. Set-up and maintain vendor files in accordance with new vendor setup procedures.
4. Ensure payment of any outstanding invoices submitted and approved by departments in a timely manner.
5. Responsible for attaching any packing slips or receipts of merchandise to invoices for payment processing and paying only for items received as shown on packing slips.
6. Obtain approval to pay from departments if no packing slips have been submitted for invoices received on Purchase Orders.
7. Process required requisitions and provide Purchase Order number to the department.

1.06.04 Delegation of Authority

- A Department Head may delegate departmental purchasing; however, the Department Head will approve all invoices to be paid prior to payment.
- All delegation of authority must be made in writing with a copy provided to the City's Finance Department.

Authorization is not the same as the authority to sign a purchase order, which is the responsibility of the Finance Director. The Finance Director is also responsible to control the numerical sequence of the purchase orders.



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Purchasing

2.00 Purchasing Limits and Methods

2.01 Purchasing Limits & Approvals

Dollar Threshold Per Unit Basis	Procurement Method	Purchase Order	Department Head or Designee	Finance Director	City Manager	City Council
\$1,000 or less	Invoice or verbal quote		✓			
\$1,001 to \$5,000	1 written Quote		✓			
\$5,001 to \$10,000	2 written Quotes	✓	✓	✓	*	
\$10,001 to \$49,999 \$99,999	3 written Quotes	✓	✓	✓	*	**
\$50,000 \$100,000 or more	Formal Bids	✓	✓	✓	✓	✓

✓ Denotes signature approval

* All capital purchases exceeding \$5,000 not planned in the annual budget should go to the City Manager prior to purchase.

** All capital purchases exceeding \$25,000 not planned in the annual budget should go to City Council prior to purchase.

Additional Guidelines:

- If acquiring a product, a purchase order is used as it pertains to the guidelines above. Dollar thresholds are on a per unit basis as it applies to approvals and documentation; however, any purchase exceeding \$5,000 requires a purchase order before order is placed.
- If acquiring a service (labor) or product with a service contract, quotes are strongly encouraged where services can be reasonably compared.
- All services that relate to capital projects will be issued a purchase order for tracking purposes indicating Council's approval date.
- Written price quotations should be sought with unit costs > \$2,999. Two of these quotes **must** be from HUB vendors in Calhoun County if available.

See Section 2.01.01 of this policy for more information on HUB vendors

- **State Law** requires cities to contact at least two historically underutilized businesses whenever possible for purchases between \$3,000 and ~~\$50,000~~ **\$100,000**.
- **Federal** guidance of purchases requires a non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
- **State Law** requires cities and counties to use competitive bidding process for any purchases exceeding ~~\$50,000~~ **\$100,000**. For insurance contracts, cities with populations fewer than 75,000 must bid insurance contracts of \$5,000 or more.



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- **Aggregate** purchases that will exceed ~~-\$50,000~~ **\$100,000** are subject to competitive bidding requirements.
- Purchases made through a state approved cooperative purchasing contract satisfy the competitive bidding requirement.
- Emergency purchases or purchases from a sole source vendor are exempt from competitive bidding, however proper documentation must be obtained. **See Section 2.06 Emergency Purchases**
- **Federal** guidance of purchases prohibits awards, subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal programs or activities. See debarment compliance in accordance with System for Award Management (SAM.gov).

All purchases are accumulated in the financial records and compared to the financial budget for fiscal control. Any anticipated purchase that will exceed the department’s budget requires a budget amendment to be approved by the City Council. The Department must provide the Finance Director with a recommended budget amendment to be approved by the City Manager and City Council prior to purchase. **See Section 8.03 of the City Charter - Transfer of Appropriations**

2.01.01 Supporting Documentation (Per Unit Basis)

A unit cost is not necessarily one line item, but can be separate components needed to complete the product and/or asset. Minor purchases are any purchases under \$5,000. Any purchase over \$5,000 is considered a major purchase. The **required supporting documentation** for any purchase is as follows:

Less than or equal to \$1,000 – Invoice, receipt, or other documents (i.e. packing slips, delivery tickets)
Verbal quotes are strongly encouraged for asset purchases > \$499 and total purchases > \$1,000.

\$1,001 to \$5,000 –At least one (1)* vendor written quote attached to the requisition in addition to documentation referenced above. To the extent possible, Minor purchases must be distributed equitably among qualified vendors.

* The Texas Local Government code §252.0215 – requires the City to solicit bids from at least two (2) Historically Underutilized Businesses whenever the expenditure will exceed \$3,000. If, however, there are no HUB vendors listed in the County, the City is exempt from this rule, but must document a search for a suitable HUB vendor was performed.

\$5,001 to \$10,000 – Purchase Order required with at least two (2) vendor written quotes attached to the requisition form in addition to documentation referenced above.

\$10,001 to ~~\$49,999~~ **\$99,999** – Purchase Order required with at least three (3) vendor written quotes attached to the requisition form in addition to documentation referenced above.

~~\$50,000~~ **\$100,000** or more – State law requires formal competitive bidding process. Please contact the Finance Department for guidance.

The City must contact at least two historically underutilized businesses (HUBs) on a rotating basis, for any purchase below bid limits but >\$3,000, based on information provided by the Comptroller’s Purchasing Program. If the list cannot identify a historically underutilized business (HUBs) in the Calhoun County, then the City is exempt from this section. (Pursuant to **Sec. 252.0215 Competitive Bidding in Relation to Historically Underutilized Business** as shown in the appendix section of this policy.)



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To search the Texas Comptroller's most recent master list of certified historically underutilized businesses, go to: <http://www.window.state.tx.us/procurement/cmb/cmbhub.html>.

Compliance with requirements of paragraphs (b)(1) through (5) of 2 C.F.R. section § 200.321 - Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms, must be followed when using state and federal funds. Contacting the local Small Business Administration and the Minority Business Development Agency of the Department of Commerce is a requirement of all federally funded purchases.

2.02 Purchasing Methods

The following methods may be used to purchase goods and services for the City.

2.02.01 Vendor Charge Accounts

Vendors will issue charge invoices to using departments showing date of service, department or buyer signature, description of materials being purchased, and amount due and owing. Using departments will mark each invoice with the appropriate general ledger account code to charge and submit to the Finance Department for payment.

See Section 3.00 - Vendors for further guidelines and restrictions

2.02.02 Requisitions

All employees purchasing an item with a purchase total \geq \$5,000 must request a purchase order ("PO") to be issued. Finance will process required requisitions and provide Purchase Order number to the department. Requisitions should be used for price comparisons and appropriate approvals.

The department must include freight costs as a separate line item in the body of the requisition. Note that freight costs must be considered in determining the awarded vendor(s).

2.02.03 Purchase Orders

All purchases \geq \$5,000 require an approved purchase order (PO) prior to ordering items. Using departments must submit a purchase requisition to the Finance Department for issuance of a PO number **prior to buying** the product. Purchase requisitions $>$ \$5,000 require at least two (2) written quotes to be attached to the purchase requisition.

A purchase order is required for all service contracts and construction contracts after award by City Council. This allows for proper tracking of project through the City's accounting system.

2.02.04 Credit Card

Credit cards may be used for purchases where normal purchasing procedures are not practical (i.e. booking hotel for travel). Purchase Order limits still apply on credit card transactions.

See Section 4.00 – Credit Card Purchases for further guidelines and restrictions

2.02.05 Competitive Bidding

Competitive bidding means to "let" or allow vendors to compete with each other to provide goods and / or services to the City. This process serves two additional purposes. The first purpose is to ensure that public monies are spent properly, legally, and that the best possible value is received for the money. The second purpose is to give those qualified and responsible vendors who desire to do business with the City a fair and equitable opportunity to do so. The use of a standard bidding procedure gives the public assurance that their monies are properly safeguarded.

Competitive bidding can be accomplished on two levels. The first level of bidding consists of contacting vendors, either by telephone or in writing to allow them the opportunity to give a price quotation on a desired good or service. The next level uses a formal sealed bid which is the process that is normally referred to as competitive bidding.



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Under no circumstances shall multiple requisitions be used in combination to avoid otherwise applicable bidding requirements or City Council Approval.

See Sec. 252.021 Competitive Requirements for Purchases, as shown in the appendix section of this policy.

Please note: Individual purchases of less than ~~\$50,000~~ **\$100,000** may require the use of competitive bidding procedures when it is in the best interest of the City.

See Section 2.04 Competitive Procurement Requirements for further guidelines and restrictions.

2.03 Specifications

2.03.01 Definition

A specification is an accurate description of the material or equipment to be purchased. All specifications shall be clear and definite and shall permit competitive bidding except for those items that may be noncompetitive due to patent or distribution rights, etc.

2.03.02 Purpose

The purpose of any specification is to provide vendors with firm criteria of minimum product or service acceptability. A good specification should:

- Set the minimum acceptability of the good or service.
- Promote competitive bidding.
- Contain provisions for reasonable tests and inspection for acceptability of the good or service.
- Provide for an equitable award to the lowest responsible.

2.03.03 Preparing Specifications

The using department, with the advice of the Finance Director, has the primary responsibility for drafting or revising specifications. Specifications must be prepared for each purchase, contract or commitment when requesting competitive procurement.

Where to Obtain Specifications

Departments are encouraged to contact the Finance Director to discuss obtaining specifications from another source.

- **Other Government Entities** – Contact cities, counties, school districts or other entities. Purchasing agents from other government agencies should be helpful
- **The State of Texas** – Access the State of Texas CO-OP Program website: <http://www.window.state.tx.us/coop>.
- **The federal government** – Access the federal procurement data system website: https://www.fpds.gov/fpdsng_cms/.
- **Trade associations and vendors** – If using a vendor's specifications, try to remove any "vendor bias," e.g. specifications that fit only one brand name.
- **Other public or private standards and specifications writing associations** – Examples include Underwriters Laboratories and the American National Standards Institute; and
- **Professional associations for procurement managers** – Examples include the National Purchasing Institute and the National Institute of Government Purchasers website: www.nigp.org

2.04 Competitive Procurement Requirements



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Purchases ≥ ~~\$50,000~~ \$100,000 must be competitively bid. Purchases of less than ~~\$50,000~~ \$100,000 may require the use of competitive bidding procedures when it is in the best interest of the City.

This is done in the following manner:

1. Invitation to Bid (one time purchase or annual contract)
2. Request for Proposal
3. Request for Qualifications

2.04.01 General Guidelines

1. All projects that require competitive bids should be discussed with the Finance Director or Public Works Director at least two weeks before the first advertising date.
2. A list of suggested vendors should be sent to the Public Works Director or Finance Director; especially if you have worked with vendors in obtaining specifications, or have tested / complete a demonstration of their product.
3. Bids shall be submitted to the Finance Director or Public Works Director by the date and time specified in the bid and shall be identified with the bid name on the outside of the envelope.
4. A tabulation of bids will be available after bid opening for public information.
5. Departments should be clear in the specifications of the intent to trade-in equipment.
6. The City shall have the right to reject any or all bids.
7. Identical bids of equal quality and services shall be awarded to the local (City of Port Lavaca) vendor. More information can be found in Section 2.04.03 Award Process.
8. If a vendor makes a mistake in bidding, they may correct or withdraw their bid before the time set for bid opening. After the bid opening, all bids are final. The only relief from an error is an "obvious error".

2.04.02 Invitation to Bid Procedures

If the purchase is over ~~\$50,000~~ \$100,000 the sealed bid process must be used unless the purchase meets one of the state allowed exemptions. All federally funded purchases must follow the requirements of 2 CFR 200.

1. Check the budget line to verify that funds are available to cover the purchase.
2. Determine specification of item needed.

See Section 2.03.03 Specifications for further details on writing specifications.



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3. Submit specifications to Finance Director.
4. Finance Director or his/her designee will complete the bid process. The bid process consists of: creating documents, locating vendors, advertising, responding to questions, issuing addenda, opening bid, assisting with evaluation of submitted bids, and notifying vendors / departments of award.
5. Department heads are responsible for assisting the Finance Director or his/her designee in answering technical questions.
6. Once bid process is complete and council approval has been obtained, the Department Head will obtain a purchase order.
7. The vendor copy of the purchase order will be sent to the awarded vendor with a letter notifying them of award and contract terms.

2.04.03 The Award Process

Bid awards for items exceeding ~~\$50,000~~ **\$100,000** must be approved (awarded) by Council.

Bid awards are processed as follows:

1. If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the "lowest responsible bidder" or to the bidder who provides goods or services at the "best value" for the city. In determining the "best value" for the city, the city may consider:
 - a. the purchase price;
 - b. the reputation of the bidder and the bidder's goods or services;
 - c. the quality of the bidder's goods or services;
 - d. the extent to which the goods or services meet the city's needs;
 - e. the bidder's past relationship with the city;
 - f. the impact on the ability of the city to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities;
 - g. total long-term cost to the city to acquire the bidder's goods or services;
 - h. any relevant criteria specifically listed in the request for bids or proposals; and
 - i. if the vendor meets requirements regarding suspension and debarment compliance on SAM.gov
2. The Department Head will make a recommendation that is then reviewed and approved by the City Manager who recommends awards to Council.
3. Council meets on the second Monday of each month. Once approved by Council, the Department Head will notify the successful vendors of award.
4. Bid information is then processed and sent to the using departments.
5. **It is very important to document any problems you may encounter with vendors and that you notify the Finance Director and City Manager of the problem. Vendor contracts cannot be terminated without documentation history.**
6. New Products: It shall be the policy of the City to investigate and purchase new products or services for trial whenever possible. New products that are found acceptable will be included in the bid process to



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determine their cost effectiveness. Lesser expensive new products will be evaluated and quoted against the standard product.

7. Local preference may be awarded by City Council if bid is within three percent (3%) of the lowest non-residential bid, pursuant to section 271.905 of the Local Government Code

See Appendix section of this document for further details.

Occasionally a vendor who is not recommended for the bid award will file a protest with the City. It is the responsibility of the Finance Director in conjunction with the requesting Department Head to defend the recommendation to the vendor. **In these situations the importance of clear, defensible specifications and detailed documentation of past vendor performance cannot be over emphasized. In addition, if you are speaking with a vendor and at any point the vendor starts talking about a law suit or any type of legal action, terminate the conversation by directing the vendor to the City Manager's office.**

2.04.04 Annual Contracts

Annual Contracts are bids that have been completed for materials or services that are near or exceed \$25,000 and are regularly used by City departments. Pricing is locked for a set period of time and can be done either through quotes (less than ~~\$50,000~~ **\$100,000**) or by bidding (over ~~\$50,000~~ **\$100,000**). For example, the City seeks an annual contract each year for top soil, sand, and asphalt to obtain the best price with a locked in price.

Items purchased on an annual contract should be processed through the purchase requisition process. This will allow the Finance Department to track expenditures from the awarded contract amount.

In addition to the award process stated above, the Finance Department will receive notification from the Department Head of the awarded vendor along with a copy of the contract to include contract dates, pricing and discounts that apply, contact information, contract number, and any other information needed by the using department.

The contract number must be included on the purchase requisition form. All original signed contracts shall be provided to the City Secretary for filing pursuant to **Texas Local Government Code Section 252.043**.

2.04.05 Reciprocity

The process of evaluating out-of-state bidders is generally known as "reciprocity", which is a process of mutual dependence, action, or influence.

How does this work in a bidding situation? If a nonresident bidder's home state grants a **preference** to its resident bidders, an equal **penalty** is added to the nonresident bidder's proposal when bidding in Texas. The action is opposite, a preference becomes a penalty, but the amount is equal. If you get a preference there, you get a penalty here in an equal amount. Reciprocity and resident bidder preferences **do not** apply in the evaluation of solicitations that involve the use of federal funds.

The list is published annually in the *Texas Register*. The list provided on this web site will be updated as changes occur. The list is a valuable resource. However, the Commission stresses that statutes should be construed in their



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entirety. Before relying on any section for evaluation of a bid, the Commission recommends obtaining and reviewing the relevant law or regulation in its entirety, pursuant to **Texas Government Code Section 2252.003(a)**.

Texas law requires that out-of-state bidders who reside in states that grant resident bidder preferences for that state's purchases be evaluated in the same manner that a Texas resident bidder would be evaluated in the out-of-state bidder's home state, pursuant to **Texas Government Code Section 2251.002**.

2.04.06 Request for Qualifications (RFQ) or Proposals (RFP)

A request for qualifications (RFQ) and a request for proposals (RFP) are similar to the invitation to bid except that the RFQ and RFP are used to obtain professional/consulting services and the purchase of high technology equipment. In addition, once the RFQ and RFP are opened and evaluated, the City may negotiate price and other factors, such as training, with the vendor for the product or service to be purchased.

The following services are considered professional.

- Accounting
- Architecture
- Landscape Architecture
- Medicine
- Optometry
- Professional Engineering
- Real Estate Appraising
- Professional Nursing

A government entity may not select a provider of professional services or a group or association of providers or award a contract for these services on the basis of competitive bids, but shall make the selection and award based on the following:

1. Demonstrated competence and qualifications to perform the services; and
2. Fair and reasonable price;

If considerations are equal, preference shall be given to a consultant whose whole principal place of business is in the state or who will manage the contract wholly from an office in the state.

The professional fees under said contract must be consistent with and not higher than the recommended practices and fees published by the applicable professional associations; and may not exceed any maximum provided by law.

Furthermore, proposals/qualifications are treated differently than competitive bids in that there are additional steps that have to be completed before the proposals are ready for final consideration.

Proposals/qualifications are received publicly, but not opened for inspection. Proposals/qualifications are evaluated one against the other according to the evaluation criteria set in the specifications, and then initially ranked. The proposals/qualifications are then negotiated, and re-ranked to a list of finalists. Additional negotiations may be required before a final selection made.

To determine which process is most appropriate and/or legal, contact the Finance Director for guidance.

Request for Qualifications (RFQ)

The request for qualification process is similar to the sealed bid process except it is used to obtain vendor information for professional services. The process is not used to obtain pricing, but rather in obtaining information regarding vendor availability or when seeking highly technical information.



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Note: A request for qualifications **must** be used when securing engineering or architectural services per **Texas Government Code, Section 2254.004**.

The following information must be included in the request for qualifications (RFQ):

- Introduction – Tells what we are asking for.
- General City Information – States ruling type (home rule), population, and other details that may be of interest or help vendors in preparing their responses.
- Background Information – States what the vendor will be involved in.
- Budget Information
- Scope of Services – What is expected of the vendor such as design/development, preparing bid specifications, pre-qualification statements, construction observation, etc.
- Specific Service Needs/Notes to Firms – Type of experience the City is looking for.
- Timing / Schedule – Provides deadline information.
- Submission Procedures – This should be detailed and state how the proposals should be submitted.
 - Example: Tab 1 – Letter of Submission
 - Tab 2 – Company History
 - Tab 3 – Project Members Resumes
 - Tab 4 – Availability
 - Tab 5 – Statement of Qualifications
 - Tab 6 – Methodology
 - Tab 7 – References
 - Tab 8 – List of past projects
- Questions – Where to submit questions and to whom.
- Pre-Submission Meeting Information
- Selection Process with Evaluation Criteria
 - RFQ’s are evaluated according to the evaluation criteria detailed in the specifications.
 - Example: Experience & Qualifications 20%
 - Similar Work Experience 30%
 - Quality of Response 15%
 - Past Performance 20%
 - Capabilities 10%
 - HUB Vendor 5%

Request for Professional Services (RFP)

The request for proposal process is also similar to the sealed bid process except it is used to obtain vendor information and pricing for professional services. The process is used to obtain pricing and information for professional services and highly technical equipment.

An RFP should include the following items:

- Scope & Intent of Services
- Definitions of required items/services



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- Minimum Requirements for Performance and Design
- Submission Requirements – For ease of evaluation it is suggested that documents be submitted in a specific order and include the number of copies required.

Example:

Tab 1	Letter of Submission
Tab 2	Company History
Tab 3	Project Members Resumes
Tab 4	Availability
Tab 5	Statement of Qualifications
Tab 6	Methodology
Tab 7	References
Tab 8	List of past projects
Tab 9	Pricing
Tab 10	Financial Statements

- Evaluation Criteria – **Required by law** (Example: 50% price, 25% experience, etc.)
 - a. Price – This will always be a factor, no matter what the purchase. The weight should be based on the difference in systems/services. For example, when there is little difference in the product, price should be weighted heavily. In other cases, the system cost will be less important than its efficiency and the price should be weighted lower.
 - b. Experience – The weight of the experience will depend on the complexity associated with project development or the service provided.
 - c. Other factors – financial resources, service capability, service response time, payment options, upgrade capability & cost, maintenance cost/back up units, reputation of vendor, and other factors determined by the Finance Director or his/her designee.

NOTE: Certain professional standards and/or state law may prohibit negotiation or submission of price.

02.04.07 Federal Grant Awards

The City will perform a cost or price analysis in accordance with 2 CFR 200 using the guidelines outlined below when applicable for federal grant awards. The overall objective for the City is to negotiate total prices that are fair and reasonable.

§ 200.323 Contract cost and price:

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

(b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be allowable for the non-



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Federal entity under Subpart E—Cost Principles of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

2.05 Cooperative Purchasing

Under State Law, a local government may participate in a cooperative purchasing program with another local government or a local cooperative organization.

The City has established memberships to and promotes the participation in cooperative purchasing programs. In addition to participating in inter-local agreements with other cities, the following inter-local agreements have been established with, but not limited to, Houston-Galveston Area Council (HGAC), the State of Texas, Buy Board, and TIPS.

The bids completed by these agencies must have an inter-local clause in them to be used. These agencies can provide great pricing and quick turn-around time for items such as vehicles, software, hardware, heavy equipment and many more types of supplies.

2.06 Emergency Purchases

Texas statutes allow the local government to make emergency or exempted purchases without competitive bidding under specific circumstances. Purchases that are required immediately for purposes that could not reasonably have been foreseen are generally exempt from bids. Emergency purchases are made to meet critical, unforeseen needs of the City and must qualify as an emergency purchase as defined in State law **Local Government Code Chapters 252, 262 and 271**, which can be found in the appendix section of this policy. True emergencies almost always occur as a result of parts and labor needed for unforeseen repairs to equipment that must be kept operational. When an emergency occurs, the need for quotes will be eliminated. However, written explanation must be indicated on the submitted form.

In the event the emergency exceeds ~~\$50,000~~ **\$100,000**, a resolution must be submitted to Council prior to payment for the products or services purchased with the actual fact being certified by the Finance Director and City Manager.

If the product or service is over \$5,000 and under ~~\$50,000~~ **\$100,000**, then as soon as practical submit a copy of the invoice or delivery ticket and the appropriate Purchase Requisition to the Finance Director with written explanation of the emergency situation and an appropriate signature. Finance will document all PO exceptions. Any continuous PO exceptions for lack of planning will be submitted to the City Manager. **Emergencies Created Through Neglect Must Be Avoided.**

Typical examples of neglect are:

- a. Depletion of stock due to lack of planning.
- b. Building or equipment needing repairs for some time, suddenly becoming an emergency overnight.
- c. Orders of materials for projects most of which must be planned weeks or months ahead of time, and requested just before desired use.

2.07 Sole Source Purchases

Minor Purchase Vouchers or Requisitions for any material or service, which can only be supplied by one source, should be accompanied by a written explanation fully describing the conditions, which make the supplier an only source. The using Department will attach this explanation to the accounting copy of the Purchase Requisition to



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support the purchase for audit and justification purposes. If possible, the requesting department should ask the vendor for a sole source letter indicating the specifics of the product availability. The product must be unique and only available from one distribution source. **Items that are only available from one manufacturer are not a sole source if the items can be quoted from more than one distributor.**

Example: Patented Products, Books and Software with exclusive distribution rights

2.08 Capital Purchases / Fixed Assets

2.08.01 Definitions

Capital Purchase– Any item or combination of items over \$5,000 with a useful life greater than one year. These items are charged to the 56XX general ledger budget lines.

Fixed Asset – Any item with a unit cost of \$500 or more and with a useful life greater than one year. A Fixed Asset Form should be turned in to the Finance Department once asset is delivered. The Finance Director has discretion to track assets less than \$500 if determined sensitive in nature.

2.08.02 General Guidelines

All items purchased with a price of \$5,000 or greater and a useful life exceeding one year will be placed on the fixed asset list. Each department will be required to monitor their inventory and be accountable for the location of the asset. Verification of inventory is performed annually.

All sensitive items (i.e. computers, radios, firearms, small equipment etc.) will be tracked in the City's Asset System for internal purposes regardless of price if the Finance Department deems necessary. These items are generally charged to the Non-Capitalized Asset account number 528.03. Asset numbers will be assigned to all assets.

All capital items, regardless of the dollar amount, are approved by the Finance Director.

All capital purchases not planned in the annual budget should be discussed with the City Manager, who will then recommend it go to City Council prior to purchase.

2.09 Disposal of Surplus Property

There are multiple ways to dispose of assets such as: auction, trade-in, and destruction.

Surplus property is equipment owned by the City that is no longer needed. This property must be declared surplus by City Council prior to disposing of the asset.

2.09.01 Fixed Assets

If the property is on the fixed asset list and the department determines it is no longer needed - a Fixed Asset Disposal Form must be completed, signed by the Department Head, and sent to the Finance Department for processing.

2.09.02 General Information

- The Publics Works and Finance Departments coordinate items for auctions (i.e. Chamber Auction in November).
- Departments wanting to pursue other disposal methods should contact the Finance Department.
- Any item that is still operable and has a potential value at auction, please hold for auction.
- Disposition Forms / Fixed Asset Forms are available from the Finance Department.
- After approval by the City Council, equipment should be stored until the property can be removed for



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 auction.



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2.10 Receiving Procedures

2.10.01 Receipt of Merchandise

Receiving personnel will match each item received, noting agreement of the packing slip, invoice, or other shipping data to the P.O. or order confirmation as follows:

1. Vendor's Name
2. Quantity
3. Description
4. Purchase Order Number (if applicable)

Receiving personnel shall specifically review all merchandise received to determine whether there are any items shipped which are damaged or not in conformity with specifications as ordered. A physical count of each item received must also be performed, noting agreement between the quantity received and the quantity shown on the shipping ticket or packing slip. Should a shortage occur, the receiving personnel should notate if any of the items are back ordered, note the quantity next to the quantity ordered, circle the quantity received and place his/her initials next to the quantity received.

2.10.02 Receiving and Reporting Hazardous Materials

Any department receiving for the first time a material classified as being a "hazardous material" by the Environmental Protection Agency (EPA), must forward a copy of the Material Safety Data Sheet (M.S.D.S.) to the City's Fire Chief within five (5) working days of receipt of the materials. The material must also have a "hazardous warning label", a copy of which must also be forwarded to the City's Fire Chief.

NOTE: M.S.D.S. must be available to employees working with any material classified as being "hazardous".

See City Safety Manual for further details

2.10.02 Rejection of Merchandise or Discrepancies

If any items received are damaged or missing or if items are received in excess, the Department Head has the responsibility of communicating with the vendor to resolve the issue.

2.10.03 Completion of the Receiving Process

If all materials ordered have been received, receiving personnel shall sign the shipping ticket or packing slip. The packing slip and invoice, if received, must be forwarded to the Accounts Payable Department for processing.

2.11 Invoice Processing

An Invoice should be treated as a legal document that represents a commitment to make payment to a vendor who has delivered a product or rendered a service to the City. Prior to the processing of all invoices the appropriate documentation must be attached with the authorized signatures. A bona fide invoice is a financial liability that if not recorded in a timely and accurate manner can result in the misstatement of the City's financial records.

2.11.01 Accrued Invoice Liability

An accrued invoice liability is created when an authorized and approved vendor invoice has been received but has not yet been entered into the financial payables system by the end of the fiscal period and where the goods have been received or the services have been provided. Such invoices must be accumulated and the dollar value estimated and accrued in the City's financial records. The City maintains its financial records in compliance with



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the accounting profession's Generally Accepted Accounting Principles (GAAP) for accrual based accounting records. The failure to follow this process under GAAP results in:

- i) An unrecorded liability.
- ii) A potential misstatement of the City's earnings due to missing an expense item in the financial records during the fiscal period.
- iii) A potential understatement of the City's assets due to the failure to record a capital expenditure or material inventory item received before the end of a period closes.

2.11.02 Invoice Documentation

Vendor invoices must have the following documentation prior to entry into the financial payable system:

i) Invoice/Purchase Order/Receiving Report or Packing List

This is a three way match that does not require an approval on the face of the invoice if the Purchase Order (PO) has the required authorized signatures, a receiving report signed and dated, and an invoice that matches the PO. Generally, all purchases in excess of \$1,000 should have this documentation submitted. Any invoices missing the appropriate signatures from authorized personnel will be returned to the originating department to follow-up on the information and resubmit it for processing.

ii) Invoice Only

Invoices without a corresponding PO must be signed by the appropriate authorized person. This might include invoices for purchases of less than \$1,000.00, equipment rentals, office rent or other recurring expenses that are part of an executed agreement with the City. In addition, any invoices exceeding the authorization limits of the signer must have the other appropriate signatures before it can be processed.

2.11.03 Responsibilities

All employees/departments submitting an invoice for entry and processing in the financial system must ensure the appropriate documentation is attached to the invoice. Any invoices submitted missing documentation or authorizations will be returned to the employee or department.

The Department Head is responsible to review all invoices for purchases from their department and ensure the invoices are provided to the Finance Department in a timely manner to meet the vendor terms and internal processing deadlines. In addition, the Department Head must assign a person to attach the appropriate documentation to each invoice prior to submitting it to the Finance Department.

The person assigned by each Department Head is responsible for verifying the receiving report to the purchasing documentation. Each Department will indicate on the packing receipt that all goods are received and "O.K. to pay", then submit the documents to the Finance Department for processing.

~~The Accounting Clerk~~ Accounts Payable Specialist is responsible for verifying that all appropriate documentation is attached to the invoice and for ensuring the numerical accuracy of each invoice including a review of each unit price exception and variation tolerance limits between the invoices compared to PO price. In addition, the Accounting Clerk must review the cost center coding per the PO to ensure the proper charge to the financial records and an accurate analysis of budget controls.

~~The Accounting Clerk~~ Accounts Payable Specialist is responsible for determining the value of outstanding purchase commitments that have been fulfilled either through the delivery of goods or the rendering of services to the City at the end of any fiscal period; even though the invoices have yet to be submitted to the Finance Department. This is done by matching



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vendor statements to vendor file in the Incode system. Any invoices not shown paid will be forwarded to the appropriate department for verification following the end of a fiscal period (i.e. end of the month) with the vendor name, invoice date, receipt date and the amount.

2.11.04 Data Entry

Invoices are entered daily by the Finance Department. The Accounting Clerk verifies that each invoice has the appropriate documentation outlined in **section 2.10.02**. At a minimum, the vendor invoice data entered into the financial payables system consists of:

- Invoice Date
- Vendor Name
- Invoice Reference Number
- Invoice Amount (splitting out the shipping and handling charges from the product or service cost)
- PO Number
- General Ledger Code for each item on the invoice
- Description of the item
- The City's account number with the vendor (if applicable)

Any invoice rejected by the financial payables system due to "No Vendor Found" message will result in the invoice being returned to the originating department for proper set up of a new vendor. This will delay the prompt payment of the invoice and the vendor should be notified by the Department Head.

The Accounting Clerk date stamps each vendor invoice with a received date and routes it to the appropriate department. Any invoices, which cannot be determined as to what department it belongs, will be returned to the vendor.

2.11.05 Payment Cycle Schedule

The Finance Department processes payments every other week, in accordance with payroll dates. Checks get mailed out every other Friday. At the discretion of the Finance Department, small check runs may be done in between processing dates, to accommodate due dates or other instances that may require immediate payment. This should be kept to a minimum so as not to interfere with other departmental duties.

3.00 Vendors

3.01 Responsibilities

The City values its relationship with its vendors who provide important goods and services that help in our overall success. Accurate, timely and well organized vendor database files are important to achieve this objective.

Access to the vendor files indirectly provides access to City's cash funds and, therefore, all new vendor set ups and purchases must be approved by authorized employees of the City prior to entry into the vendor database. Accurate maintenance of the vendor transaction history and access to this information is important for the City's ability to negotiate prices, payment terms, cash discounts and rebates.



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Vendors

Authorized employees who may request a new vendor set up must complete a Vendor Information Form ("VIF") and forward the VIF with the required information to the Accounts Payable Department. **See Section 3.02.02 and 3.02.03 for further instructions.**

The Accounting Clerk **Accounts Payable Specialist** is responsible for the set up of the vendor database file and ensuring all of the appropriate information is documented on the VIF and include any attachments necessary.

The Accounting Clerk **Accounts Payable Specialist** is responsible for ensuring all vendors entered into the vendor database are authorized, valid and the information entered is accurate.

The Finance Director is responsible for the overall implementation of the City's Purchasing Policy and Procedures. The Finance Director is specifically directed to the set up, maintenance and accuracy of the vendor file database for this policy. In addition, the Finance Director will coordinate the development and implementation of internal controls to protect against vendor fraud.

3.02 Vendor Maintenance

3.02.01 Vendor Types

There are generally three types of vendors for the City. Each vendor type is an important part of the City's ability to deliver our products and services.

A) Strategic Vendors

A strategic vendor is an integral part of our business processes and often supplements the City's operation or management team. These relationships are generally long term in nature and established through a contract that outlines pricing, payment terms, cash discounts and volume rebates. An example of such a vendor is our depository contract vendor. These types of vendors require a competitive bid and must submit a Request for Proposal or a Request for Qualification. The City must obtain at least two proposals from different vendors and the competitive bid analysis should also consider other factors such as quality.

B) Core Vendors

The City will use local and national vendors for purchases where location, price and timely delivery are important criteria. They generally do not require a contract or minimum purchase amount. Often the City will have a couple of vendors to choose from when ordering the particular product or service. These types of vendors only require a Vendor Information Form with the appropriate approvals. The Finance Department reviews these Core Vendors to ensure that the City does not have too many duplicate vendors offering the same product and match it to the best price.

C) Utility/Facility Vendors

The utility and facility vendors provide important services for the City including telephone, gas, power, water and other support services. These vendors are generally able to be price competitive with various types of service offerings and contract terms. A contract is not always required by either the vendor or the City when purchasing these types of services. A Vendor Information Form must still be completed with all of the appropriate information and approvals. The Finance department should be notified when new service locations need to added or deleted with the current vendors on file (i.e. electricity needed at a new location).



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3.02.02 Vendor Information Form

The VIF must be completed for each vendor added to or updated in the City's vendor database. It requests important information about the vendor to ensure accurate, timely payment and reporting data for the Finance Department. Any vendor invoice submitted for payment that is not an existing vendor or the invoice is not accompanied with a VIF cannot be processed for payment. The invoice will be returned to the department originating the purchase or to the vendor if it is not readily apparent what department originated the purchase.

A copy of the VIF can be found in the appendix section of this document.

All new vendor set ups must be routed through the Accounts Payable for verification and to determine if alternative sources are available in the City's vendor database. The following management level personnel have authorization to sign off on the VIF to request a new vendor.

- Department Head or his/her designee
- Finance Director

The final approval of a new vendor set up is the Finance Director or his/her designee.

3.02.03 Vendor Tax Information

The Vendor is required to submit a completed W-9 to the Finance Department, pursuant to Federal Regulations 6109. Federal Income Tax law requires the City to have each Vendors taxpayer identification number (TIN) on file. For individuals this would be their social security number, for other entities this is the employer identification number (EIN). If the vendor fails to furnish the City with this information, they may be subject to a \$50.00 penalty imposed by the IRS under Section 6723 and all payments made to the Vendor could be subject to 28% backup withholding.

3.02.04 Vendor Code

The vendor code is the system assigned number for identifying each new vendor in the City's database. The sort key is the first 15 letters of the vendor name used to easily identify the vendor for all personnel who access data about the vendor.

3.02.05 Vendor Statistic Analysis

On a periodic basis, the Finance Department performs a review of the vendor files. The purpose of the analysis is to provide management with information to assist in the negotiation of prices, payment terms, cash discounts and volume rebates with the City's vendors. It also provides an opportunity to analyze purchasing trends and amounts that appear to be irregular or unusual in order to prevent vendor fraud. Vendor files with no activity for 2 years will be moved to inactive status. Vendor files with no activity after 5 years will be purged.

3.02.06 Annual Information Return

Form 1099's are required to be issued once payments total \$600 or more for rents, services, prizes or awards, medical and health care payments, gross proceeds to an attorney, or certain other payments. Certain payments to individuals, partnerships and certain corporations must be reported. We will not have to file an Annual Information Return, Form 1099 NEC or Miscellaneous, for certain corporations, tax-exempt organizations, government agencies or other exempt payees. The information submitted on the vendor W-9 determines whether the vendor will receive a 1099-NEC or MISC. Forms 1099-NEC or MISC will be issued in the month of January and must be postmarked on or before January 31st of each year.



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Credit Card Purchases

4.00 Credit Card Purchases

4.01 Purpose

The City issues a credit card to certain authorized employees for convenience of qualified business transactions and to take advantage of possible preferred vendor discounts offered to the City. The City card is not a replacement for a personal credit card and any personal purchases on the card are strictly prohibited. In addition, credit cards are not for use in the purchase of materials for inventory or capital expenditures.

Credit cards should not be carried permanently by the cardholder in their purse or billfold in order to prevent the potential for the card being lost or stolen and consequently resulting in unauthorized purchase transactions.

The issuance of a credit card to an employee provides the user with an ability to commit City cash funds to buy certain goods or services. All purchases must be eligible to charge to the card and requires the appropriate documentation to adequately safeguard City assets. Any misuse of the Credit Card must be reported immediately to the offender's supervisor and Finance Director.

The City maintains its financial records on an accrual basis in compliance with the accounting profession's Generally Accepted Accounting Principles ("GAAP") for accrual based accounting records. An accurate accounting of the charges to the credit card and the submission of the monthly statements to the Finance Department is critical to assuring costs are recorded in the correct fiscal period. Failure to follow the principles and practices of this policy can result in:

- i) Unrecorded expense liabilities,
- ii) A potential misstatement of the City's earnings due to missing an expense item in the financial records during the fiscal period.
- iii) Additional finance charges

4.02 Responsibilities

All employees issued a card are responsible for record keeping and the monthly transactions including obtaining and submitting receipts for the purchases with the monthly statement. The employee is also responsible to submit original receipts with their monthly statement. The Finance Department prefers receipts be turned in as they are made with proper account code and written description of business purpose.

The Accounting Clerk is responsible for reconciling the credit card statement received directly from the City's bank to the credit card statements received from the employee. Any disputes or discrepancies must be investigated immediately and resolved in order to avoid the assessment of late fees. The Accounting Clerk must also review the credits and returns on the card with the supporting documentation submitted by the employee to assess the validity and completeness of the transaction. Any lack of documentation or support must be communicated immediately to the employee and resolved in a timely manner.

The Finance Director is responsible for issuing the credit card agreements to appropriate authorized personnel. All agreements must be returned to the Finance Director prior to the issuance of the credit card.

4.02 Procedures

4.02.01 Credit Payment Cycles

The monthly cycle closes on the 5th day of each month.



PURCHASING POLICY AND PROCEDURES

Credit Card Purchases

4.02.02 Card Cancellation

All cards must be immediately cancelled when an employee terminates employment with the City or assumes another position that does not require the use of the credit card. Please notify the Finance Director immediately, cut the credit card, and return it to the Finance Department.

4.02.03 Dollar Limits of the Credit Card

Each credit card issued has monthly and single transaction limits. Any request to raise the limit must be submitted to the Finance Director in writing and authorized by the City Manager.

Definition of a single purchase-

A single transaction is defined as one or more items purchased from the same vendor at the same time on the same day. Any intentional circumvention of this policy is strictly prohibited and can result in the discipline up to and including immediate termination of employment.

4.02.04 When to Use the Credit Card

The Credit Card is a card that can be used primarily for out of town travel on City business and sometimes for small purchases where City accounts are not set up. It is a fast and flexible tool which offers an alternative to the existing purchasing processes and provides an extremely efficient and effective method for purchasing and paying of small dollar items and for travel-related expenses. Dollar limits are programmed on an individual basis as set and approved by the City Manager. **The card is to be used only for official city purchases.**

The Credit Card will enable you to purchase non-restricted commodities by telephone, the internet, or in person directly from the vendors. It will eventually decrease the need for issuing low dollar purchase orders and save on the number of checks generated. Check with your department supervisor or the Finance Department for any other purchases not listed here.

- 1) Airline tickets
- 2) Hotel accommodations for travel
- 3) Car rental for travel
- 4) Registrations for conferences
- 5) Ground transportation for travel
- 6) Fax charges when traveling
- 7) Business meals
- 8) Authorized memberships or subscriptions
- 9) Certain online promotional items and/or educational publications

4.02.05 Excluded Charges from the Credit card Program

The following are a few examples from a list of charges that are not allowed as purchases using the Credit Card.

- Personal Use
- Inventory raw materials or finished goods
- Capital expenditures (e.g. computers, equipment, fax machines, phones, printers...)
- Long term leases or equipment rentals
- Property leases including short term or long term storage
- Cell phone payments (must be submitted through an expense report)
- Alcoholic beverages

Check with your Department Head or the Finance Department if you have any questions about whether a charge is valid or not under the credit card program. Credit cards should not be used to avoid setting up a vendor or circumvent the normal purchasing procedure.



PURCHASING POLICY AND PROCEDURES

Credit Card Purchases

4.02.06 Receipts Documentation

All charges on the credit card require an original detailed receipt from the vendor as support for the transaction. If the charge is invoiced to the user, then it should be sent directly to the user's department. Receipts must include at a minimum: 1) vendor name 2) amount 3) date of transaction 4) description of the items purchased. Receipts that do not include this minimum documentation are not considered acceptable. If a receipt cannot be produced for a charge to the City's credit card, the user will be required to fill out a "Lost Receipt" form and submit to both the City Manager and Finance Director for approval. Habitual lost receipts will result in revocation of credit card privileges.

4.02.07 Distribution of Credit card Statements

The Credit Card statement is automatically billed and sent to the Finance Department by the financial institution breaking down the charges by cardholder name and department. A copy will be sent to the cardholder's department only if and when receipts have not been submitted.

4.02.08 Dates and Deadlines

The Finance Department must receive the cardholder's statement and supporting documentation by the 15th of the month. If the information received is incomplete, a notice will be sent to the cardholder via email as a reminder. If the documentation is still not received by the Finance Department after one week, then a notice will be sent to the cardholder's department manager for follow up. If there is still no response after the notice to the department manager within one week of the 2nd notice, then the cardholder's account will be deactivated and no further transactions will be allowed. In order for the cardholder to be reinstated, the Finance Director and City Manager will assess the cardholder's history and determine if reinstatement is warranted.

4.02.09 Lost Cards

If a card is lost or stolen, please notify immediately:

- i) Bank Card Division
 - a. 800-556-LOST(5678)
- ii) Finance Director
 - a. 361-552-9793 Ext. 234

4.02.10 Misuse and Credit Card Violations

The following is a list of violations of the card program policy. Repeated violations can result in the deactivation of your card and penalties including possible termination of employment.

- Unacceptable Purchases (**see section 4.02.05**)
- Unacceptable documentation (**see section 4.02.06**)
- Missed deadlines for submitting the Credit Card documentation
- Intentional circumvention of the authorized limits such as splitting transactions to avoid the single transaction limit (**see section 4.02.03**)

Accidental misuse of the city credit card will result in the suspension of card use for 30 days for the first infraction. A second infraction will result in the permanent removal of credit card privileges.



PURCHASING POLICY AND PROCEDURES

Business and Travel Expenses

5.00 Business and Travel Expense Policy

5.01 General Information

The purpose of this administrative policy is to establish a standing City policy regulating out-of-town travel, local meetings, personal car usage, and/or other expenses incurred by City employees, elected officials, and appointed officials who are authorized to officially represent the City at various conferences, meetings, conventions, seminars, and other business functions. Travel and Training expenses must be generated for a business purpose. The purchase of personal items will not be reimbursed by the City. The application of this policy must be consistent throughout the City and any exceptions must be reported and reviewed by the Finance Director.

The timely reporting of travel and/or training expenses is important for the City to maintain accurate financial records and ensure the items purchased are recorded as expenses in the correct fiscal period. Expenses incurred during the period but not recorded in the financial records results in the misstatement of the City's reported financial results and its failure to follow Generally Accepted Accounting Principles (GAAP). The GAAP rules require expenses to be recorded in the period that they were incurred.

This section outlines the allowable expenses. Noncompliance with the policy can be punishable by penalties up to and including termination of the employee.

5.02 Responsibilities

All employees requesting the reimbursement of travel and entertainment expenses incurred on behalf of the City must submit a Travel Expense Report. Section **5.02** contains the guidelines of allowable expenses along with the authority and dollar value limits.

The Department Head must verify all of the necessary expense information, including attached receipts documenting the charges, and determine that the charges do not exceed the allowable limits.

5.03 Procedures

5.03.01 Travel Guidelines

All business travel within the State must be approved by the Department Head. All out of State travel should be approved by the City Manager prior to any registration.

5.03.02 Eligible Expenses

Eligible expenses while traveling away from home are:

Registration – Registration fees for conferences, seminars and conventions are paid by the City, if deemed as City business. Registration prepaid by the City must include documentation. If registration is not prepaid, a registration receipt must be included with backup material upon submission of the travel expense report.

Air Travel – Only “coach” flights will be authorized for air travel to conferences or meetings. Advance purchase, non-refundable tickets are considered standard air travel. All out of state travel must be approved by the City Manager.

**The City credit card may be used to purchase airline tickets. However, use of the credit card to purchase airline tickets for family members/friends is strictly prohibited.*



PURCHASING POLICY AND PROCEDURES

Business and Travel Expenses

Local Business Meals are reimbursable with the approval of the Department Head. No advances will be given for Business Meals. Reimbursement may only be requested for legitimate business meals. Supporting documentation must be provided detailing the date, place, name of individuals attending and the business purpose when requesting reimbursement. *Tax exempt forms can be provided by the Finance Department to avoid charges of sales tax on meals. The City credit card may be used to purchase business meals.*

Meals & Incidental Expense (M&IE) Rates - Per IRS regulation, per diem rates are only allowed while an employee is traveling away from home overnight on business. Meals that are included in registration cost or provided at no cost to the employee will be taken into consideration when reimbursements are determined. Please consult the United States General Services Administration (GSA) website or contact the Finance Department for the current rates. The first and last day of travel is calculated at 75 percent.

Lodging- Overnight lodging is an eligible expense with the approval of the Department Head. If attending a conference where a block of rooms has been designated for attendees, the employee is required to participate at reduced costs. Only single room rates are reimbursable with the exception being if two employees share a room. If an employee's family member or friend accompanies them on travel, the employee is expected to pay the difference between the single room rate and the rate for two or more persons. As a general rule, the day preceding the day which the conference/seminar begins is considered a travel day. Lodging expense is eligible for the night preceding the conference/seminar.

** You may use the City credit card for the purpose of reserving and checking out of a hotel room or you may request a check in advance to pay for the hotel room upon arriving at your destination site. Hotel stays are not tax exempt.*

Car rental- Car rental at the destination site will be reimbursed if the cost to the City is less than other modes of transportation, such as taxi, bus or shuttle. Reimbursement will be limited to the most economical car available. If shuttles are available to/from airport and conference site, a car rental will be deemed unnecessary. Any exceptions would require Department Head and City Manager approval.

Mileage reimbursement (private automobile only) - An employee traveling on extended business in their private vehicle may request mileage reimbursement. The standard business mileage rate as determined by the IRS Publication 463 is used to calculate mileage reimbursement. To determine the number of miles, the City will utilize mapping tools available on the internet. Printed driving directions (using the shortest route) are required to be submitted as part of your travel report. Mileage is calculated from the lesser of the employee's business site or home site to the destination site. When two or more people are traveling to the same destination, every effort should be made to utilize one vehicle.

**An employee receiving a car allowance will not be eligible for mileage reimbursement for trips made within Calhoun, Victoria, and Jackson Counties.*

** Insurance coverage for personal vehicles is the responsibility of the employee traveling, as the city will not be responsible for cost incurred due to an accident.*

Tips and Gratuities- Gratuities on meals and taxis should not exceed fifteen (15%) of the cost of the meal or taxi fare. Tips to bellhops should be reasonable in amount.



PURCHASING POLICY AND PROCEDURES

Business and Travel Expenses

Incidental travel expenses include the following:

- Public Transportation between hotel and seminars or conference location, to/from airport and hotel, etc.
- Toll Fees
- Parking for both private and city-owned vehicles. Self-Parking is preferred for hotel parking.
- Business phone calls
- Gasoline purchased for city vehicles.

Prohibited Expense – Dry cleaning and/or laundry service, alcoholic beverages, pay-per-view movies, personal phone calls, etc. are prohibited. ***Use of City credit card for anyone other than the authorized person(s) traveling on official city business is strictly prohibited.***

5.03.03 Expense Report and Receipt Documentation

Complete Expense Report Promptly - Upon return from travel, the employee shall promptly fill out an expense report for approval by the department head within ten (10) working days. The Finance Director must approve all expense reports prior to payment processing.

Itemized Receipts - Each claim of expense must be supported with an acceptable detailed receipt. Some incidental items such as parking or tipping will not have a receipt available. In these cases, a handwritten receipt will be acceptable.

Return of Unused Funds - The City of Port Lavaca follows the IRS Guidelines for Accountable Plans. Under an Accountable Plan where an advance of City's funds was made and not entirely used, or if the trip was not taken, the employee shall return the unused funds to the City when the expense report is filed.

In addition, any expenses charged to the City not adequately accounted for within a reasonable period of time must be reimbursed to the City.

For example, you were issued an advance and did not spend all the money or you do not have proof of all your expenses- you have an excess reimbursement.

5.03.04 Advances

Travel advances are considered the exception and not the rule when an employee travels on business. If a travel advance is necessary, then a check request must be submitted by the Department Head to the Finance Department with sufficient notice prior to the travel date in order to process the payment in a timely manner. The amount of an advance may not exceed estimated meal and hotel charges and any exception to this policy must be provided in writing from the City Manager.

5.03.05 Reimbursement

The City reimburses the employee in the form of a check, issued every other week in accordance with payroll dates and may be picked up in the Finance Department. If the funds are available, employee may receive reimbursement from petty cash for small amounts.

Falsification of travel expenses shall result in disciplinary action, up to and including termination.



PURCHASING POLICY AND PROCEDURES

Appendix

6.00 Appendix

6.01 Definitions

6.01.01 Local Government Code, Section 252.001, Definitions, In this chapter:

- (1) "Bond funds" includes money in the treasury received from the sale of bonds and includes the proceeds of bonds that have been voted but have not been issued and delivered.
- (2) "Component purchases" means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.
- (3) "Current funds" includes money in the treasury, taxes in the process of being collected in the current tax year, and all other revenue that may be anticipated with reasonable certainty in the current tax year.
- (4) "High technology procurement" means the procurement of equipment, goods, or services of a highly technical nature, including:
 - (A) data processing equipment and software and firmware used in conjunction with data processing equipment;
 - (B) telecommunications equipment and radio and microwave systems;
 - (C) electronic distributed control systems, including building energy management systems; and
 - (D) technical services related to those items.
- (5) "Planning services" means services primarily intended to guide governmental policy to ensure the orderly and coordinated development of the state or of municipal, county, metropolitan, or regional land areas.
- (6) "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase.
- (7) "Sequential purchases" means purchases, made over a period, of items that in normal purchasing practices would be purchased in one purchase.
- (8) "Time warrant" includes any warrant issued by a municipality that is not payable from current funds.

6.01.02 Texas Government Code, Subtitle F. State and Local Contracts and Fund Management, Chapter 2251. Payment For Goods And Services, Subchapter A. General Provisions, 2251.001. Definitions, In this chapter:

- (1) "Goods" includes supplies, materials, or equipment.
- (2) "Governmental entity" means a state agency or political subdivision of this state.
- (3) "Payment" means money owed to a vendor.
- (4) "Political subdivision" means:
 - (A) a county;
 - (B) a municipality;
 - (C) a public school district; or
 - (D) a special-purpose district or authority.
- (5) "Service" includes gas and water utility service.
- (6) "State agency" means:
 - (A) a board, commission, department, office, or other agency in the executive branch of state government that is created by the constitution or a statute of this state, including a river authority and an institution of higher education as defined by Section 61.003, Education Code;
 - (B) the legislature or a legislative agency; or



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(C) the Supreme Court of Texas, the Court of Criminal Appeals of Texas, a court of appeals, a state judicial agency, or the State Bar of Texas.

(7) "Subcontractor" means a person who contracts with a vendor to work or contribute toward completing work for a governmental entity.

(8) "Vendor" means a person who supplies goods or services to a governmental entity. The term includes Texas Correctional Industries.

6.02 Local Government Code Statutes

Subchapter B. Competitive Bidding or Competitive Proposals Required Sec. 252.021 Competitive Requirements for Purchases

1. Before a municipality may enter into a contract that requires an expenditure of more than \$50,000 from one or more municipal funds, the municipality must:

1) Comply with the procedure prescribed by this subchapter and Subchapter C for competitive sealed bidding or competitive sealed proposals;

2) Use the reverse auction procedure, as defined by Section 2155.062(d), Government Code, for purchasing; or

3) Comply with a method described by Subchapter H or J, Chapter 271.

(B) A municipality may use the competitive sealed proposal procedure for the purchase of goods or services, including high technology items and insurance.

(C) The governing body of a municipality that is considering using a method other than competitive sealed bidding must determine before notice is given the method of purchase that provides the best value for the municipality. The governing body may delegate, as appropriate, its authority under this subsection to a designated representative. If the competitive sealed proposals requirement applies to the contract, the municipality shall consider the criteria described by Section 252.043(b) and the discussions conducted under Section 252.042 to determine the best value for the municipality.

This chapter does not apply to the expenditure of municipal funds that are derived from an appropriation, loan, or grant received by a municipality from the federal or state government for conducting a community development program established under Chapter 373 if under the program items are purchased under the request-for-proposal process described by Section 252.042. A municipality using a request-for-proposal process under this subsection shall also comply with the requirements of Section 252.0215.



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Local Government Code, Section 252.043. Award of Contract

(a) *If the competitive sealed bidding requirement applies to the contract for goods or services, the contract must be awarded to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.*

(b) *In determining the best value for the municipality, the municipality may consider:*

- (1) the purchase price;*
- (2) the reputation of the bidder and of the bidder's goods or services;*
- (3) the quality of the bidder's goods or services;*
- (4) the extent to which the goods or services meet the municipality's needs;*
- (5) the bidder's past relationship with the municipality;*
- (6) the impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities;*
- (7) the total long-term cost to the municipality to acquire the bidder's goods or services; and*
- (8) any relevant criteria specifically listed in the request for bids or proposals.*

(c) *Before awarding a contract under this section, a municipality must indicate in the bid specifications and requirements that the contract may be awarded either to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality.*

(d) *Except as provided by Subsection (d-1), the contract must be awarded to the lowest responsible bidder if the competitive sealed bidding requirement applies to the contract for construction of:*

- (1) highways, roads, streets, bridges, utilities, water supply projects, water plants, wastewater plants, water and wastewater distribution or conveyance facilities, wharves, docks, airport runways and taxiways, drainage projects, or related types of projects associated with civil engineering construction;*
or
- (2) buildings or structures that are incidental to projects that are primarily civil engineering construction projects.*

(d-1) *A contract for construction of a project described by Subsection (d) that requires an expenditure of \$1.5 million or less may be awarded using the competitive sealed proposal procedure prescribed by Section 271.116.*

(e) *If the competitive sealed bidding requirement applies to the contract for construction of a facility, as that term is defined by Section 271.111, the contract must be awarded to the lowest responsible bidder or awarded under the method described by Subchapter H, Chapter 271.*

(f) *The governing body may reject any and all bids.*

(g) *A bid that has been opened may not be changed for the purpose of correcting an error in the bid price. This chapter does not change the common law right of a bidder to withdraw a bid due to a material mistake in the bid.*

(h) *If the competitive sealed proposals requirement applies to the contract, the contract must be awarded to the responsible offer or whose proposal is determined to be the most advantageous to the municipality considering the relative importance of price and the other evaluation factors included in the request for proposals.*

(i) *This section does not apply to a contract for professional services, as that term is defined by Section 2254.002, Government Code.*

Section 252.0215 Competitive Bidding in Relation to Historically Underutilized Business which states:

A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. If the list fails to identify a historically underutilized business in the county in which the municipality is situated, the municipality is exempt from this section.



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Section 252.049(b) Confidentiality of Information in Bids or Proposals

(b) If provided in a request for proposals, proposals shall be opened in a manner that avoids disclosure of the contents to competing offerors and keeps the proposals secret during negotiations. All proposals are open for public inspection after the contract is awarded, but trade secrets and confidential information in the proposals are not open for public inspection.

Subchapter D. Enforcement Sec. 252.062 Criminal Penalties states:

A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B misdemeanor.

A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section 252.021, other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor.

A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor.

Section 252.063. Removal; Ineligibility states:

The final conviction of a municipal officer or employee for an offense under Section 252.062 (a) or (b) results in the immediate removal from office or employment of that person.

For four years after the date of the final conviction, the removed officer or employee is ineligible: to be a candidate for or to be appointed or elected to a public office in this state; to be employed by the municipality with which the person served when the offense occurred; and To receive any compensation through a contract with that municipality. This section does not prohibit the payment of retirement or workers' compensation benefits to the removed officer or employee.

Sec. 271.905. Consideration of Location of Bidder's Principal Place of Business states:

(a) In this section, "local government" means a municipality with a population of 200,000 or less, a county with a population of 400,000 or less, or another political subdivision authorized under this title to purchase real property or personal property that is not affixed to real property. The term does not include a school district.

(b) In purchasing under this title any real property or personal property that is not affixed to real property, if a local government receives one or more bids from a bidder whose principal place of business is in the local government and whose bid is within three percent of the lowest bid price received by the local government from a bidder who is not a resident of the local government, the local government may enter into a contract with:

(1) the lowest bidder; or

(2) the bidder whose principal place of business is in the local government if the governing body of the local government determines, in writing, that the local bidder offers the local government the best combination of contract price and additional economic development opportunities for the local government created by the contract award, including the employment of residents of the local government and increased tax revenues to the local government.

(c) This section does not prohibit a local government from rejecting all bids.



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6.03 Texas Government Code Statutes

Texas Government Code, Subtitle F. State and Local Contracts and Fund Management, Chapter 2251. Payment for Goods and Services, Subchapter B. Payments and Interest, Sec. 2251.021. Time for payment by Governmental Entity states:

- a) Except as provided by Subsection (b), a payment by a governmental entity under a contract executed on or after September 1, 1987, is overdue on the 31st day after the later of:
 - 1) the date the governmental entity receives the goods under the contract;
 - 2) the date the performance of the service under the contract is completed; or
 - 3) the date the governmental entity receives an invoice for the goods or service.*
- b) A payment under a contract executed on or after September 1, 1993, owed by a political subdivision whose governing body meets only once a month or less frequently is overdue on the 46th day after the later event described by Subsections (a)(1) through (3).*
- c) For a contract executed on or after July 1, 1986, and before September 1, 1987, a payment by a governmental entity under that contract is overdue on the 46th day after the later event described by Subsections (a)(1) through (3).*
- d) For purposes of this section, the renewal, amendment, or extension of a contract executed on or before September 1, 1993, is considered to be the execution of a new contract.*

Texas Government Code, 2252.002. Award of Contract to Nonresident Bidder, states:

“A [Texas] governmental entity may not award a governmental contract to a nonresident bidder unless the nonresident underbids the lowest bid submitted by a responsible resident bidder by an amount that is not less than the amount by which a resident bidder would be required to underbid the nonresident bidder to obtain a comparable contract in the state in which the nonresident’s principal place of business is located.”

Texas Government Code, Sec. 2252.003. Publication of Other States' Laws on Contracts states:

- (a) The General Services Commission annually shall publish in the Texas Register:
 - (1) a list showing each state that regulates the award of a governmental contract to a bidder whose principal place of business is not located in that state; and
 - (2) the citation to and a summary of each state's most recent law or regulation relating to the evaluation of a bid from and award of a contract to a bidder whose principal place of business is not located in that state.*
- (b) A governmental entity shall use the information published under this section to evaluate the bid of a nonresident bidder. A governmental entity may rely on information published under this section to meet the requirements of Section 2252.002.*



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Texas Government Code, Subtitle F. State and Local Contracts and Fund Management, Chapter 2254. Professional and Consulting Services, Subchapter A. Professional Services, Sec. 2254.004, Contract for Professional Services of Architect, Engineer, or Surveyor

- (a) In procuring architectural, engineering, or land surveying services, a governmental entity shall:*
- (1) first select the most highly qualified provider of those services on the basis of demonstrated competence and qualifications; and*
 - (2) then attempt to negotiate with that provider a contract at a fair and reasonable price.*
- (b) If a satisfactory contract cannot be negotiated with the most highly qualified provider of architectural, engineering, or land surveying services, the entity shall:*
- (1) formally end negotiations with that provider;*
 - (2) select the next most highly qualified provider; and*
 - (3) attempt to negotiate a contract with that provider at a fair and reasonable price.*
- (c) The entity shall continue the process described in Subsection (b) to select and negotiate with providers until a contract is entered into.*

6.04 Forms

You may contact the Finance Department for copies of the following forms.



PURCHASING POLICY AND PROCEDURES

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Requisition Form



City of Port Lavaca
 Finance Department
 202 N. Virginia St.
 Port Lavaca, Tx 77979
 accounts payable@portlavaca.org

CITY OF PORT LAVACA REQUISITION REQUEST FORM

Expedited Review

PURCHASE ORDER #
 (Assigned by Finance)

Section I - General Information

Requisitioned by: _____
 (Name) (Title)

DATE: _____

Name of Vendor _____

Department: _____

G/L Acct #: _____

Project: _____

Project #: _____ Line #: _____

Description of Goods/Services: _____

Total: _____

Section II - HUB Contact Documentation - FOR PURCHASES OF \$3,000 - \$49,999

In compliance with Chapter 252.0215 of the Texas Local Government Code and pages 13 & 14 of the City Purchasing Policy and Procedures manual, the department originating this purchase requisition certifies that: (Select A or B)

A) _____ The following Calhoun County Historically Underutilized Businesses were identified and contacted concerning this purchase:

HUB #1

HUB #2

B) _____ No applicable Calhoun County HUBs were identified from the Comptroller of Public Accounts listing; therefore, the City is exempt from HUB contact requirements for this purchase. (Attach HUB vendor search results.)

Section III - Competitive Quotation Documentation

Competitive quotations are generally required for cooperative, emergency, sole source or single source purchases, with justification/sole source documentation, and approval by Finance, per pages 13-15 of the City Purchasing Policy and Procedures.

Cooperative Purchase? Yes No PSA/Contract # _____
 Sole Source? Yes No
 Single Source? Yes No
 Professional Services? Yes No
 Emergency Purchase? Yes No

* If yes, City Manager authorization _____

Competitive Bid? Yes No Attach bid tabulation and Council minutes

	Quotation #1 \$1,001 - \$5,000	Quotation #2 \$5,001 - \$10,000	Quotation #3 \$10,001 - \$49,999
	PO NOT REQUIRED	\$3,000	HUB Vendor Search
Name of Company			
Telephone Number			
Contact Person			
Email Address			
Quotation #			
Total Price Quoted			

Section IV - Approvals

Department Head or Designee: _____ Date: _____

<i>To be routed for signature by Finance staff:</i>	
Finance Director: _____	Date: _____
City Manager: _____	Date: _____

*Revised 02/27/2025



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Vendor Information Form

Vendor Information Form

VENDOR/PAYEE NAME	
<u>Vendor Name:</u> _____	<u>Date:</u> _____
MAILING ADDRESS INFORMATION	
<u>Address:</u> _____	
<u>Address:</u> _____	
<u>City, State:</u> _____	
<u>Zip Code:</u> _____	
REMIT TO ADDRESS (if different from mailing address)	
<u>Address:</u> _____	
<u>Address:</u> _____	
<u>City, State:</u> _____	
<u>Zip Code:</u> _____	
CONTACT INFORMATION	
<u>Contact Name:</u> _____	<u>Phone:</u> _____
<u>Email:</u> _____	<u>Fax:</u> _____
PAYMENT METHOD	
<u>Please check one:</u>	
<input type="checkbox"/> Check	<input type="checkbox"/> ACH Electronic Payment
<u>Bank Routing #</u> _____	<u>Banking Institution</u> _____
<u>Bank Account #</u> _____	
SIGNATURE INFORMATION	
The information provided on this vendor information form is true and correct.	
<u>Authorized Vendor Signature:</u> _____	
Return this form and completed W-9 tax form to the Accounts Payable Department by fax at 361-552-6062 or email at gcantu@portlavaca.org . If you have any questions, you may contact Giani Cantu at 361-552-9793 ext.237.	
THIS SECTION COMPLETED BY COMPANY	
<u>Approved by:</u> _____	
<u>System Assigned Vendor Code:</u> _____	
<u>Date Entered</u> _____	



PURCHASING POLICY AND PROCEDURES

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W-9 Form

Form **W-9**
(Rev. March 2024)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Go to www.irs.gov/FormW9 for instructions and the latest information.

Give form to the
requester. Do not
send to the IRS.

Before you begin. For guidance related to the purpose of Form W-9, see *Purpose of Form*, below.

Print or type. See Specific Instructions on page 3.	1 Name of entity/individual. An entry is required. (For a sole proprietor or disregarded entity, enter the owner's name on line 1, and enter the business/disregarded entity's name on line 2.)	
	2 Business name/disregarded entity name, if different from above.	
	3a Check the appropriate box for federal tax classification of the entity/individual whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor <input type="checkbox"/> C corporation <input type="checkbox"/> S corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> LLC. Enter the tax classification (C = C corporation, S = S corporation, P = Partnership) Note: Check the "LLC" box above and, in the entry space, enter the appropriate code (C, S, or P) for the tax classification of the LLC, unless it is a disregarded entity. A disregarded entity should instead check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from Foreign Account Tax Compliance Act (FATCA) reporting code (if any) _____ <i>(Applies to accounts maintained outside the United States.)</i>
	3b If on line 3a you checked "Partnership" or "Trust/estate," or checked "LLC" and entered "P" as its tax classification, and you are providing this form to a partnership, trust, or estate in which you have an ownership interest, check this box if you have any foreign partners, owners, or beneficiaries. See instructions <input type="checkbox"/>	
	5 Address (number, street, and apt. or suite no.). See instructions.	Requester's name and address (optional)
	6 City, state, and ZIP code	
	7 List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. See also *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number	
or	
Employer identification number	

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and, generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here	Signature of U.S. person	Date
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General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

What's New

Line 3a has been modified to clarify how a disregarded entity completes this line. An LLC that is a disregarded entity should check the appropriate box for the tax classification of its owner. Otherwise, it should check the "LLC" box and enter its appropriate tax classification.

New line 3b has been added to this form. A flow-through entity is required to complete this line to indicate that it has direct or indirect foreign partners, owners, or beneficiaries when it provides the Form W-9 to another flow-through entity in which it has an ownership interest. This change is intended to provide a flow-through entity with information regarding the status of its indirect foreign partners, owners, or beneficiaries, so that it can satisfy any applicable reporting requirements. For example, a partnership that has any indirect foreign partners may be required to complete Schedules K-2 and K-3. See the Partnership Instructions for Schedules K-2 and K-3 (Form 1065).

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS is giving you this form because they

