

**City of Richwood
Finance Department
POLICY AND PROCEDURES**

**Purchasing Policy
Effective date: March 11, 2024**

It is the policy of the City of Richwood, Texas to provide cost effective methods for acquiring goods, meet operational needs, and encourage competitiveness on the part of vendors.

RESPONSIBILITY. Department Directors are ultimately responsible for ensuring that all policies and procedures are followed. The City's purchasing system is considered de-centralized (each departments' responsibility) except for those goods, services, and equipment that qualify or are designated otherwise.

It is the responsibility of each employee:

- ✓ To understand and comply with the procedures and guidelines described in this policy and to adhere to appropriate departmental operational procedures for purchasing goods and services on behalf of the City.
- ✓ To understand that no purchase made by an employee shall bind the City to receive and or pay for the goods or service procured, unless authorized by the appropriate Department Director.
- ✓ To have specific authorization or prior approval to incur expenses chargeable to the City of Richwood.
- ✓ To forward all applicable paperwork to the Finance Department as promptly as possible to expedite processing.

DELEGATION OF PURCHASING AUTHORITY. The City Manager as authorized by the City Council of Richwood, is delegated the authority to procure materials and services for the City of Richwood. The City Manager has also granted this authority to certain City employees.

AUTHORITY AND APPROVALS. The City Manager or his designee must approve all invoices that exceed \$1,000. Any procurement made that will exceed \$50,000 must be approved by the City Council. The City Manager has established the following approval levels:

Department Designee	\$0>	\$ 2,500
Department Director	\$0>	\$ 5,000
Finance Director	\$0>	\$10,000
City Manager	\$0>	\$50,000
City Manager with City Council (resolution)	over	\$50,000

TYPES OF PURCHASES.

All contracts greater than \$50,000 shall be awarded by **competitive sealed bidding**. When the City determines that the use of competitive sealed bidding is either not practicable or advantageous to the City, a contract may be entered into by use of the **sealed proposals method**. Section 252.022 (a)(7) of the Local Government Code allows an exemption from bidding procedure for a procurement of items that are available from **only one source**. **Credit cards** are also issued to individual employees and at the discretion of the City Manager. For more info, see City of Richwood, Texas Credit Card Policy and Procedures.

LOCAL VENDORS. To provide for the purchase of goods and services by the City, if price and quality are equal, preference shall be given to local vendors and local products.

VENDOR INFORMATION. Departments are available to meet with vendor representatives between 8:00a.m. and 5:00p.m. Monday thru Friday. Meetings should be by appointment.

The City staff will assist vendors in understanding the City's purchasing and payment processing procedures. New vendors are required to submit a "vendor payment form", a completed W-9 form, and a "Conflict of Interest" form prior to invoices being submitted for payment.

- ✓ The Finance Department shall maintain a database vendor file of Richwood vendors and assign vendor numbers. All user departments are encouraged to utilize this list when soliciting or placing orders.
- ✓ Any vendor that has not been used in the past 24 months will be considered inactive and dropped from the vendor database. Vendors that are dropped shall be considered new vendors and required to fill out vendor forms again.

INVOICES are prepared by the vendor and sent to the Finance Department at 1800 Brazosport Blvd N, Richwood, Texas 77531. The information provided by the vendor must match our current vendor file. (Note: All invoices should be date stamped upon receipt by Finance.)

PAYMENT PROCEDURES. Due to the volume of invoices received by the Finance Department, it is important to verify all goods received as soon as possible. This prompt receipting of goods and the subsequent preparation of the payment documents ensures that the payment will be processed in a timely manner, allowing the City to maximize discount terms. If there is a problem with the merchandise, i.e. damaged items, an incomplete order, incorrect items received or any other problem, the vendor should be notified, and the problem corrected before the payment is prepared. If the problem can not be corrected, contact the Finance Department for assistance.

ADVANCE PAYMENTS. Advance payments by the City are permitted but discouraged and shall be made only when necessary and approved by the City Manager and/or Finance Director. Agreements containing provisions for advance payments shall provide for periodic payments that are tied to delivered goods or services, rather than total contract price or lump sum advances.

CUT OFF DATE. The check process is run weekly. Invoices are due in Finance no later than noon on each Wednesday in order to be processed for the check run. The Finance Department reserves the right to control the processing of invoices for any reason.

CHECK PREPARATION. The Finance Department prepares a check for each vendor and verifies total invoices to the check amount for accuracy. Any errors are corrected, and a final check register is run and archived. Checks are sent to the vendors via US mail or customer pick up.

BANK DRAFTS. The Finance Director may set up recurring bank drafts. These drafts may be set up for any recurring fee or charge.

ACH REMITTANCE.

The Finance Department may pay a vendor through the ACH system if the vendor prefers this payment method. Vendors must provide their banking information, which will be entered into the accounts payable system. The ACH file will be transmitted to the bank and the payments will be made directly from our account.

PROBLEM AREAS IN PAYMENT PROCESSING. Several problems on a payment document can cause a payment to be delayed. For example:

- ✓ No authorized signature included on the invoice. All invoices must be signed-off for payment by the department designee, Director, Finance Director, or City Manager.
- ✓ Invoices or other documentation do not match the payment documentation.
- ✓ The vendor information on file does not match the vendor information on the invoice.