

SANGER

★ TEXAS

PURCHASING POLICY

PURPOSE

The purpose of the Purchasing Policy is to provide a means for the acquisition of supplies and services that are required for the operation of the City of Sanger.

RESPONSIBILITY

Each city employee authorized to purchase supplies, equipment or services must be familiar with the purchasing procedures and should adhere to them in order to obtain the best results. This policy will not answer all questions, but will be used as a guide and aid in securing materials and services needed to operate each department.

PURCHASE DOLLAR LIMITS AND AUTHORIZATION REQUIRED

The following dollar limits and authorization requirements are to be followed whenever possible. Any exceptions shall be noted and approved by the appropriate authorization on the invoice.

Purchases less than \$1,000

1. May be made without prior authorization.
2. May be made using an Accounts Payable Voucher.
3. May be purchased using a credit card.
4. Requires Department Head approval.

Purchase more than \$1,000 but less than \$3,000

1. Must be authorized via Purchase Order before purchasing (see exceptions to Purchase Orders listed below).
2. Two quotes must be submitted with Purchase Order Requisition. If lowest quote is not selected, memo of explanation should be attached.
3. Except for exceptions noted below, may not be made using an Accounts Payable Voucher.
4. May be purchased using a credit card.
5. Requires Department Head approval.

Purchase more than \$3,000 but less than \$50,000

1. Requires proof of contact with two Historically Utilized Businesses (HUB) OR memo of explanation stating there are no HUBs for the requested goods/services and/or HUB did not respond to request.
2. Must be authorized via Purchase Order before purchasing (see exceptions to Purchase Orders listed below).
3. Two quotes must be submitted with Purchase Order Requisition. If lowest quote is not selected, memo of explanation should be attached.
4. Except for exceptions noted below, may not be made using an Accounts Payable Voucher.
5. May be purchased using a credit card.
6. Requires Department Head approval.

Purchases more than \$50,000

1. Requires a competitive bid process
2. Must be authorized via Purchase Order before purchasing

3. Requires proof of contact with two Historically Utilized Businesses (HUB) OR memo of explanation stating there are no HUBs for the requested goods/services and/or HUB did not respond to request
4. Requires Department Head approval

PURCHASE ORDERS

A purchase order number is required on all purchases over \$1,000, with the exception of those listed below. A Purchase Order Requisition must be submitted to the Finance Department and a Purchase Order received before placing an order or making a purchase.

If an emergency should arise after normal hours, the Department Head or designee will make the purchase that is needed. The Department Head must notify the Director of Finance immediately upon opening the next business day and turn in the proper documentation.

The following payments and services do not require the issuance of a purchase order for payment authorization. These exceptions may be paid using an Accounts Payable Voucher:

1. Payments made for Employee Payroll Deductions
2. Tax Payments
3. Insurance Premium Payments
4. Retirement System Payments (TMRS)
5. Debt Service Payments
6. Investment Payments
7. Charges for Water, Electric, Solid Waste and Recycling services for resale
8. Utility Services
9. Operating Leases/Maintenance Agreements
10. Annual contracts
11. Invoices for Professional Services (i.e. Attorney Fees and Engineering)
12. Inter-Local Agreements
13. Reimbursements/Payments to other Agencies
14. Contract Services
15. Employee Reimbursements
16. Travel and Lodging
17. Customer Deposit Refunds
18. Purchase under \$1,000

DUTIES OF THE FINANCE DEPARTMENT

1. To observe and enforce the procedures as outlined and any related regulations.
2. To encourage that the purchasing policies and procedures are followed whenever possible.
3. To review each account being charged for sufficient funds before authorizing a purchase or issuing a purchase order.
4. To process approved Purchase Order Requisitions and issue Purchase Orders.
5. To explore the possibilities of quantity buying in order to take full advantage of discounts.

DUTIES OF DEPARTMENT HEADS

1. Departments should plan their work so that "rush orders" and emergencies will be held to an absolute minimum.
2. Departments are responsible for handling any required competitive bid processes for their purchases

3. Department Heads are responsible for tracking the budget remaining in each of their General Ledger accounts.
4. Department heads must sign, verify and code all Purchase Order Requisitions and Accounts Payable Vouchers.
5. No city employee shall purchase supplies, materials or equipment of any kind through the City for personal use.
6. Departments should not break up any purchase into smaller orders with the intent of circumventing the purchasing requirements based on purchase amounts.