

To: Finance Committee
From: Mark Stevens
Date: November 13, 2023
RE: Purchasing Policy Update

One of the first sets of procedures that I cited as unclear and not followed consistently was the City's Purchasing Policy. Even though it had been revised in 2021, the contents seemed to be modified by tacking on additions without appropriate placement. There also seemed to be easy "work-arounds" to following purchasing practices by merely using a credit card, avoiding the expected transparency that the provision of an AP approval list to City Council would allow. And the reality is that the placement of a control at the AP approval list is only an approval or disapproval of cutting the payment; the product or service has likely already been used or consumed and we have little recourse but to pay the bill.

I have been working to pull together ideas I have found from other municipalities with a rewrite of our policy. Because of a re-ordering of contents, it was difficult to produce a redlined modification of the existing policy, so I have provided a pointer instead:

[city of watertown policy manual \(revize.com\)](#) or...

Watertownwi.gov > Departments > Employee Resources > Employee Documents > Employee Handbook and Policy Manual > Policy Manual 8.28.23 > Pages 16-33

Attached is a draft of the new purchasing policy. I have highlighted areas of content that are new or a different approach to City practices. Key alterations:

- Most of my personal career included micromanagement of all purchases of the organization. I'm not suggesting that level of scrutiny here, yet the finance director has been absent from knowledge of most purchasing altogether.
- I consider the budget to be the guiding instrument to confine expenditures, yet events occur to cause spending to exceed a budget. I want to hold departments accountable to an overage by allowing a nimbleness in altering accounts within a department, considering the budget to be a living document that can change. I believe that past practice was to accept that accounts might be over, but if the division of accounts was good, nothing was altered (perhaps to the necessity of a resolution to be created, recommended by Finance Committee, and approved by Council). My desire is to hold department heads accountable when overages happen and expect decisions to be made for cutting other anticipated costs, but without the paperwork unless the impact crosses outside of the division.
- The auditors have inquired as to the competitive bidding expectations of our purchasing. I have been able to provide substantiation for some of the random selections, but not all. I cannot affirm that departments are adhering to a consistency in pursuit of better pricing on purchasing of goods/services.
- I desire to be faster in our processing of payments. We are currently tied to council meetings awaiting for the approval to cut a check run, which is too late in the process. I'm suggesting that we increase our check runs to weekly and provide a report of all payments made in the past month, including all purchases via credit card that, unless it's a single item more than \$10K, has not been reported to the Council.
- The institution of greater controls for purchases greater than \$10,000.
- Ability for Finance Director to execute contracts up to \$25,000 to aid transfer of work from Mayor.
- Elimination of the complex Taxpayer Benefit Policy; this hasn't been used in purchases in my two years.

This is a draft that I am providing for you to review for any suggested changes. I would like to incorporate any modifications and update a recommended policy statement for a future meeting with the goal of a January 1 implementation.