

PURCHASING AND PAYMENT PROCEDURES MANUAL



CITY OF EL PASO DE ROBLES

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City of El Paso de Robles

PURCHASING AND PAYMENT PROCEDURES MANUAL

In order to carry out the purchasing policy of the City, the purchase of supplies, services, equipment or public works projects shall adhere to the procedures as set forth in this manual.

This purchasing and payment procedures manual has been drafted to provide consistency with the adopted Fiscal Policy and Chapter 6.04 of the City's municipal code.

As per Chapter 6.04 of the City's municipal code, the City's purchasing authority is the City Manager or his designated representative. All references in this manual to the City's purchasing authority shall automatically include "his designated representative".

Section 1.0 PURCHASES LESS THAN \$2,500

Given that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the City's purchasing authority, an executive manager may purchase supplies and services up to \$2,500 without approval from the City's purchasing authority or issuance of a purchase order except as follows:

- a) All personal computers must be purchased through the City's Information Systems Manager. There must be a budget appropriation for both the computer and its' annual replacement cost.
- b) All software regardless of cost must be approved by the City's Information Systems Manager prior to purchase.

Preference to local vendors shall be encouraged given that quality, service and price are similar.

Section 2.0 PURCHASES GREATER THAN \$2,500 BUT LESS THAN \$5,000

Given that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the City's purchasing authority, an executive manager may purchase supplies and services over \$2,500 subject to purchase order approval from the City's purchasing authority. The purchase order must be prepared and approved prior to the purchase commitment. The executive manager must endeavor to solicit three quotations, preferably written. Quotations should be attached or noted on the face of the purchase order.

Preference to local vendors shall be encouraged given that quality, service and price are similar.

Section 3.0 PURCHASES GREATER THAN \$5,000

Given that there are adequate budget appropriations available and that no administrative restrictions have been imposed by the City's purchasing authority, an executive manager

may purchase supplies and services over \$5,000 subject to purchase order approval from the City's purchasing authority. The purchase order must be prepared and approved prior to the purchase commitment. The executive manager must solicit competitive bids prior to the preparation and issuance of a purchase order. Bid results should be attached or noted on the face of the purchase order.

Preference to local vendors shall be encouraged given that quality, service and price are similar.

Section 4.0 PURCHASE ORDERS

Purchase orders should be issued for acquisitions of supplies, services (including professional), equipment and/or public works projects wherein the estimated total purchase is expected to exceed \$2,500.

Purchase orders may have multiple budgetary account numbers and multiple budgetary account numbers may include multiple departments/divisions.

Purchase orders should be issued for the estimated total amount even when individual, reoccurring acquisitions are less than \$2,500. Examples include the transport of sewer sludge wherein any individual transport is less than \$2,500 but the estimated total annual cost exceeds \$2,500. Another example might be the purchase of chlorine.

The issuance of purchase orders shall be made prior to any purchase commitment to the vendor pursuant to the following procedures:

1. The department and/or division shall complete the electronic purchase order form providing all of the required data in the spaces provided. Each purchase order issued shall be numbered sequentially with three components, X-XX-XXX, wherein the first component consists of the second digit of the fiscal year (i.e. "3" being fiscal year 2003 or that year ending June 30, 2003); the second component consists of two alpha digits representing the department/division (to be assigned by the Administrative Services Department); and the third component consists of three numerical digits representing the sequence number (to be assigned by the issuing department/division).

3. Upon completion of the purchase order, the purchase order shall be signed by the executive manager or his designated representative and shall be forwarded to the City's purchasing authority for signatory approval. Upon approval or denial, the City's purchasing authority shall return the purchase order to the initiating department/division. If approved, the purchase order shall be distributed as follows:

- (1) Copy to Vendor
- (1) Copy to Administrative Services (authorizing payment copy)
- (1) Original to Issuing Department

For budgeted items that are not competitively bid, the City's purchasing authority may approve a purchase order without Council review or approval. For budgeted items that are

competitively bid, the City's purchasing authority may approve a purchase order after bid award by the Council.

For non-budgeted items, the City's purchasing authority may also approve a purchase order for up to \$10,000 without Council concurrence subject to other purchasing requirements/limits noted previously. The City's purchasing authority may only authorize a purchase order for non-budgeted expenditures greater than \$10,000 upon full City Council concurrence.

Section 5.0 QUOTATIONS AND BIDS (non-professional)

Executive managers may exercise their own discretion with regard to vendor choice for purchases less than \$2,500. Preference to local vendors shall be encouraged given that quality, service and price are similar. Local vendors shall be given credit for sales tax, freight and convenience.

For purchases greater than \$2,500 but less than \$5,000, executive managers shall endeavor to solicit written quotations from three vendors. Should written quotations not be unavailable or factors of public health and safety be of paramount concern, verbal quotations are acceptable. If verbal, the purchase order or an attachment to the purchase order should note the vendors contacted and the amount of their quote.

For purchases greater than \$5,000 wherein formal bids are required, the executive manager shall solicit competitive bids wherein a legal notice shall be published in the City's officially designated newspaper and the bid(s) must be submitted directly to the City Clerk's office who shall hold said bid(s) until the advertised date and time of opening. The bid shall be awarded by the Council and the purchase order issued in accordance with Section 3.0.

Section 6.0 PROFESSIONAL SERVICES

In accordance with Section 1.0, executive managers may exercise their own discretion with regard to vendor choice for purchases less than \$2,500.

Acquisition of professional services wherein the annual amount is estimated to be more than \$2,500 but less than \$10,000, the executive manager shall submit a purchase order and a written explanation as to choice of vendor to the City's purchasing authority for approval. If approved by the purchasing authority, a copy of the written explanation shall be attached to the copy of the purchase order that is forwarded to Administrative Services.

For the acquisition of professional services in excess of \$10,000, the executive manager shall solicit written request for qualifications (RFQ) from at least three potential professional service providers. The executive manager shall forward a written recommendation to the full City Council for contract approval. Upon City Council approval, the executive manager shall forward a purchase order to the City's purchasing authority for approval. Professional services in this section refers to professions that are licensed, certified, degreed or have some other special distinction that sets them apart from other service providers; e.g. engineers, architects, doctors or financial consultants.

Section 7.0 SOLE SOURCE VENDORS

In the case of sole source vendors, quotation and bid requirements may be waived by the City's purchasing authority when in his judgment the City is best served by a particular vendor.

The executive manager shall submit a purchase order and a written explanation as to justification of sole sourcing to the City's purchasing authority for approval. If approved by the purchasing authority, a copy of the written explanation shall be attached to the copy of the purchase order that is forwarded to Administrative Services.

Section 8.0 PETTY CASH

Executive managers shall be responsible for the management and accounting of petty cash funds according to the internal control procedures established by the Administrative Services Department. Petty cash funds may be used for any purpose including non-overnight travel and meetings or for residual final travel accounting amounts due an employee. Petty cash vouchers and petty cash reconciliation forms will be provided by the Administrative Services Department. A \$100 limit shall be established for each separate use of petty cash funds except that said limit may be waived by either the purchasing authority or the Director of Administrative Services.

In recognition that City employees cannot be expected nor required to use personal funds to make petty cash purchases on the behalf of the City, petty cash advances may be made. In the case of petty cash advances, the City employee receiving the advance will promptly upon making the purchase, return the receipt and any cash change to the petty cash fund and complete the petty cash voucher. Receipts are required for all petty cash expenditures. Travel per diems wherein receipts are not required is not an appropriate use of petty cash funds. However, amounts due employees less than \$100 as determined by completion of the final accounting section of an pre-authorized travel and meeting expense claim may be reimbursed from petty cash funds.

Requests for the replenishment of petty cash funds used shall be made to the Administrative Services Department on petty cash reconciliation/reimbursement request forms provided by Administrative Services. The request shall summarize the amount to be replenished by budgetary account number and have attached all expenditure receipts. The Administrative Services Department shall process said requests in accordance with the payment processing as established by the Administrative Services Department.

Section 9.0 WARRANT REQUESTS

In recognition that needs arise for the issuance of a City warrant for purposes that may not be appropriate for the issuance of a purchase order, (i.e. deposit refunds, receipt overpayments, payroll related needs, etc.), the Administrative Services Department shall establish a warrant request procedure for issuing a warrant payment without a purchase order. Warrant requests shall be processed on a basis consistent with the payment processing schedule as established by the Administrative Services Department. Exceptions

may be made by the Director of Administrative Services when the best interests of the City might be best served by the accelerated issuance of a warrant payment.

Section 10.0 TRAVEL, MEETINGS AND EDUCATION AUTHORIZATIONS

It shall be the practice of the City to reimburse expenses incurred by officials, officers and employees of the City when expenses are incurred while on authorized travel, meetings and educational events for City business. The allowances and amounts advanced to persons traveling or meeting on official City business shall be established on the basis of specific guidelines set forth below. Administrative procedures are to be amended to conform with the guidelines of this policy.

Advances and/or reimbursements for authorized travel and meetings shall be made by the Administrative Services Department upon receipt of a properly completed and approved travel and meeting authorization form, unless waived in writing by the City's purchasing authority. Travel and meeting authorization forms are available from the Administrative Services Department upon request.

Executive managers shall exercise reasonable effort to complete and submit authorized travel and meeting authorization forms to the Administrative Services Department for warrant issuance on a time line conducive to the payment processing schedule as established by the Administrative Services Department.

Requests for advances and/or reimbursements for City travel, meetings and education shall be in compliance with Administrative Policy A-2 adopted March 1, 1988 by the City Council and in accordance with the procedures and requirements noted below.

1. Travel, Meeting and Education Authorization/Expense Reconciliation

Travel on City business which exceeds a cost, actual or estimated, of \$200 or calls for an overnight stay requires the completion of the City's Travel and Meeting Authorization Form and approval by the employee's executive manager or his/her authorized designee. When a City vehicle is used, the cost of such use, using the current mileage rate, shall be included in determining the total cost. Travel which exceeds \$2,500 or provides for out of state travel must be submitted on the City's Travel and Meeting Authorization Form to the City Manager for approval prior to incurring any expenses.

Payment may be advanced to the traveler based upon estimated costs as detailed on the Travel and Meeting Authorization Form.

Within five (5) days of return, the Travel and Meeting Authorization Form shall be completed and submitted to Administrative Services wherein actual travel expenses, including amounts advanced, must be reconciled on the Travel and Meeting Authorization Form.

An executive manager may exercise his/her own discretion, regardless of length of stay, as to whether an employee receives a per diem per subsection #4 below or receives an 'advance' for itemized expenses per subsection #5 below. However, in all cases, amounts paid in advance for transportation, lodging and registration, etc. wherein overpayments occur and are refunded to the employee, the employee must turnover such amounts to the City.

2. Transportation

a. Commercial Carrier

Air travel for city officials and employees shall be authorized and reimbursed at the lowest possible fare class with a major air carrier. Air travel other than the lowest possible fare class will be authorized ONLY when scheduling does not permit use of the lowest possible fare class of flight, or when the flight is four (4) hours duration or more. All first class flights must be approved by the purchasing authority.

City officials and employees shall endeavor to book air travel so as to take advantage of discounts offered for purchasing flight tickets in advance of departure; i.e. 14 or 21 days, and take advantage of non-refundable ticket fares where practical. Transportation costs for commercial carrier shall be paid by the City directly and separately whenever practical. Round trip tickets shall normally be purchased whenever commercial carriers are used. Travel expenses of a family member of an official or an employee are not eligible for payment by the City. Travel arrangements and payment of costs for family members are to be handled directly by the employee.

b. Personal Vehicles

Use of personal vehicles, when approved as a mode of travel to and from destinations, will be reimbursed at the established mileage rate.

When commercial carrier is used, a traveler will be reimbursed for personal vehicle mileage to and from the airport and the actual cost of airport parking regardless of airport location.

(1) Travel Within San Luis Obispo County

Employees receiving monthly auto allowances shall not, except under special circumstances as authorized by the City Manager, be eligible to use a City vehicle nor receive mileage reimbursement for use of personal vehicles when travel is within San Luis Obispo County.

(2) Travel Outside San Luis Obispo County

The use of personal vehicles on City authorized business outside San Luis Obispo County will be reimbursed at the authorized mileage rate for all city officials and employees. Payment of mileage will be based upon the most direct route from point of departure to point of destination. A City official or employee may leave from his/her home for a meeting, conference, seminar or training session. However, the mileage from home to the destination should not exceed the mileage from City Hall to the destination.

3. Lodging

Hotel accommodations should be arranged directly by the traveler. Receipts for lodging must be attached to the Travel and Meeting Authorization Form in order to obtain reimbursement. Hotel expenses for city officials and employees only will be reimbursed at the single occupancy rate.

Charges for room movies and other miscellaneous sundries are not eligible for City reimbursement including room service meals if a per diem has been provided.

4. Per Diem

Each person traveling on official City business, which includes an over-night stay, may (1) receive a per diem for meals, taxes, gratuities, and incidental expenses equal to the IRS allowance of up to \$75 per day provided that receipts are submitted to the City. If the amount shown on the receipts is less than \$75 the difference is considered taxable income; or (2) receive a per diem equal to the IRS regional allowance, in which case no receipts are required and the full amount is non-taxable. Meals and food charged to a motel/hotel room via room service shall be counted on the final reconciliation of the Travel and Meeting Authorization Form towards the per diem. Per diem shall be paid for travel days just prior and just after the event. One-half of the daily rate shall be paid if the distance to the event is less than 225 miles and a full per diem shall be paid if the one-way distance is greater than 225 miles. Expense reimbursement for amounts over the per diem amount must include receipts for all expenses.

5. Itemizing Expenses

If travel encompasses not more than a single day, the traveler shall itemize the expenses incurred for reimbursement. Upon return, supporting documents such as receipts or paid invoices must be submitted on the Travel and Meeting Authorization Form. In the case of overnight travel, the traveler may claim actual expenses rather than per diem. However, all receipts or paid invoices must be submitted with the Travel and Meeting Authorization Form in order to be reimbursed.

6. Registration Fee

Registration fees charged for any authorized convention, conference, seminar or meeting are reimbursable and should be paid in advance.

7. Taxi, Car Rental, Shuttle Service and Parking

Expenses incurred for car rental and limousine service will not be reimbursed unless authorization is received from the purchasing authority prior to the travel. Whenever possible, City officials and employees should utilize hotel courtesy buses or local shuttle services. Whenever possible, hotel accommodations should be within easy access to the functions for which the travel was authorized. Taxi service should be used only when no other convenient, less costly transportation is available. Expenses for parking shall be reimbursed in addition to any other allowances paid to the traveler.

8. City Merchant Cards

Merchant card receipts for all charges on the credit cards shall be attached to the final reconciled Travel and Meeting Authorization Form submitted to Administrative Services Department.

Gas credit cards issued to the City may only be used to purchase fuel and oil in City owned vehicles. Use of City gas credit cards in personal vehicles regardless of whether or not the use of the personal vehicle was for authorized City business is strictly prohibited.

9. Mileage Rate

The mileage rate for personal vehicle use shall be determined each January 1st by the Department of Administrative Services. The mileage rate shall be equal to the mileage rate allowance as set by the Internal Revenue Service for business use of a vehicle as confirmed by the Director of Administrative Services.

10. Miscellaneous Meetings

Miscellaneous meetings wherein food, beverages and related sundaries are provided either on site or at a dining establishment may be paid and/or reimbursed by City when required for City business. Payment and/or reimbursement may be made via; petty cash, merchant card, vendor charge account, purchase order, warrant request or Travel and Meeting Authorization Form. In all cases, the payment and/or reimbursement request shall be accompanied by a receipt or other documentation and in the case of the use of a merchant card, the customer copy of the merchant card charge slip. The receipt and/or payment request should clearly identify the purpose of the meeting, the general attendees (i.e. lunch with auditors) and

the budgetary account number. A Travel and Meeting Authorization Form need only be utilized when the cost of an individual, miscellaneous meeting exceeds \$200.

11. Discretion

These procedures do not claim to have addressed all contingencies and conditions. Any necessary and reasonable expenses that may from time-to-time be justified due to circumstances or opportunities for the City will be honored upon approval by the purchasing authority in the form of reimbursements to the traveler and upon adequate documentation and justification.

Section 11.0 PAYMENT REQUIREMENTS

The issuance of warrants for petty cash, warrant requests and travel and meeting authorizations shall be made by the Administrative Services Department upon receipt of the properly completed documentation and in accordance with the payment schedule as established by the Administrative Services Department.

For purchase orders, preparation of the vendor payment shall be initiated by the Administrative Services Department upon receipt of the signed "payment" copy of the purchase order. Partial payments are acceptable. Authorization for partial payment(s) may be initiated by the executive manager or his designated representative by submitting the invoice with the "Approved for Payment" stamp fully completed and the purchase order number clearly indicated on the invoice.

For purchase orders issued for materials and/or services to be provided over time, the Administrative Services Department shall initiate vendor payment solely upon receipt of the appropriate invoice(s) with the "Approved for Payment" stamp fully completed and the purchase order number clearly indicated on the invoice.

In order to expedite vendor payment processing, the following vendor statement/invoice delivery arrangements should be made:

Single Department - In those cases where an executive manager knows that his/her department is the only department doing business with a particular vendor, the executive manager should arrange to have statements and/or invoices mailed directly to his/her department. Upon receipt of statement/invoice (s), the executive manager or his designated representative shall reconcile the amounts due and authorize payment by utilizing the "Approved for Payment" stamp and forward the original documents to Administrative Services for payment. The amount due the vendor shall be summarized by budget account number.

Multiple Departments - In those cases where more than one department makes purchases from the same vendor, the statements should continue to be mailed directly to the Administrative Services Department; except that in those cases wherein the vendor sends invoices separately from their end-of-the-month statements, arrangements should be made

to have invoices sent directly to the department involved for reconciliation and approval before forwarding to Administrative Services.

In all instances, vendor payments shall be processed in accordance with the payment schedule as established by the Administrative Services Department unless the City's purchasing authority or the Director of Administrative Services determines that the best interests of the City would be best served by accelerating the issuance of a particular vendor payment.

The current payment schedule, as established by the Administrative Services Department, is that payment requests received by noon on Wednesday will have a warrant(check) issued no later than the second following Friday except as otherwise established by Administrative Services. DO NOT UNDER ANY CIRCUMSTANCES PROMISE OR OTHERWISE INDICATE TO A VENDOR THAT PAYMENT WILL BE RECEIVED ANY SOONER.

APPROVED FOR PAYMENT	
Budget Acct. #	_____
Vendor #	_____
Amount to Pay	\$ _____
_____	_____
Date	Signature

Section 12.0 MERCHANT CARDS

Purchases made by merchant card shall be made in conformance with the City's established Fiscal Policy, the purchasing rules and restrictions as identified in Section 1.0 through 9.0 and shall in no event exceed or circumvent the regulations set forth therein. A single purchase by credit card shall not exceed \$2,500 or the credit card account limit, whichever is **less**.

Purchases less than \$5.00 should not be made using the merchant card. These purchases should be made using petty cash.

Merchant card account limits will be between \$2,000 and \$10,000 per month. Account limits apply to the account, not the card. For example, an account may have a limit of \$5,000, with two cards issued. Therefore, the aggregate spending total of both cards must not exceed \$5,000 per month. Each Executive Manager will be informed of the limits placed on accounts issued to his/her department and or divisions. Requests to increase the merchant card account maximum limit is addressed below (Requests for Initial, Additional or Changes to Merchant Cards).

Purchases will be denied by the card issuer for any account that is delinquent or has exceeded its account limit.

Departments/divisions must track their monthly spending so that they do not exceed the merchant card account limit.

1. Business Use Only

The merchant card is to be used for City purchases ONLY. Employees should take whatever precautions are necessary to ensure that the card is not "accidentally" used for personal purchases.

Should the employee, in spite of precautions taken, accidentally use the card for a personal purchase, he/she shall within twenty-four hours remit, in cash or by check, the amount of the purchase, along with a copy of charge slip to the Administrative Services Department. A receipt will be issued by the Administrative Services Department and the revenue will be posted to the City's Customer Deposit Account. The receipt, along with the *original* charge slip shall be attached to the monthly statement, by the department/division. The account code assigned should be the Customer Deposit account code.

2. Conditions for Use

The total of a single purchase to be paid using the merchant card may be comprised of multiple items and cannot exceed the authorized single invoice limit. Purchases will be denied if the authorized single purchase limit is exceeded. Payments for purchases are not to be split in order to stay within the single purchase limit.

All materials, supplies and services purchased over the counter and paid for by using the card must be immediately available. No back-ordering is allowed.

All materials, supplies and services purchased by telephone order to be paid for by merchant card must be delivered by the merchant/vendor within the 30-day billing cycle. The order should not be placed without this assurance. (Please see "Telephone Purchase Procedures" below).

Merchant card use for employee travel must comply with established City travel policy.

3. Telephone Purchase Procedures

Telephone purchase procedure, as used in these instructions, means a procedure where an order is placed or a purchase is made by telephone. The supplies or services are provided by the merchant/vendor and payment is made using the merchant card.

When placing a telephone order to be paid using the merchant card, employee will:

- a. Confirm that the merchant/vendor agrees to charge the merchant card when shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
- b. Instruct the merchant/vendor to fax or mail the charge slip to the card holder when the credit card is charged.
- c. A log should be used to record telephone merchant card orders (see Attachment 4). The documentation should be held until the monthly billing statement is received and then attached to the statement, along with the charge slips, when it is submitted for payment.

3. Internet Purchase Procedures

Internet purchase procedure, as used in these instructions, means a procedure where an order is placed or a purchase is made by internet website access.. The supplies or services are provided by the merchant/vendor and payment is made using the merchant card.

When placing an internet order to be paid using the merchant card, employee will:

- a. Confirm that the web site utilizes security protection software.
- b. Confirm that the merchant/vendor agrees to charge the merchant card when shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.
- b. Print out a hard copy of the order confirmation before exiting the site.

4. Documentation, Reconciliation and Payment Procedures

a. Documentation

Any time a purchase is made that will be paid using the merchant card, whether it is done over the counter or by telephone or by internet, a document must be retained as proof of purchase. The documents will later be used to verify the purchases shown on the merchant card monthly statement.

When a purchase is made over the counter, the employee is to obtain a customer copy of the charge slip, as well the separate invoice if any, which will become the accountable document (make sure all carbons are destroyed).

When making purchases by telephone, the employee is to immediately document the transaction on a log (Attachment 4) and attach the charge slip (and invoice, if any) when received from the vendor, along with any shipping documents associated with the order.

b. Missing Documentation

If for some reason the employee does not have documentation of the transaction to send with the statement, he/she must attach an explanation that includes a description of the item, date of purchase, merchant's/vendor's name and why there is not supporting documentation. If documentation is received after the statement has been sent for payment, the employee should send the documentation to the Administrative Services Department with a note referencing the date of the statement to which it should be attached.

5. Merchant Card Restrictions

The following list covers purchases for which merchant card use is **prohibited**:

- a. Gasoline and oil purchases. Gasoline and oil purchases for City vehicles only must be made using a **gas** credit card.
- b. Cash advances through bank tellers or automated teller machines.

6. Payment and Invoice Procedures

- a. Purchases made by employees will be paid by the accounts payable section of the Administrative Services Department once the employee certification and Executive Manager or his/her designee's verification has been completed, and account coding assigned for each transaction. Account codings shall be summarized by budget account.
- b. Original statements and charge slips should be sent to the Administrative Services Department. If the employee Department/Division wishes to retain a copy of the statement, a copy should be made before the original statement is sent to Administrative Services Department.
- c. The "Statement of Account" requires the Department/Division to review the statement and to note any errors on the bill. The Department/Division should attach to the statement receipts (sales drafts/charge slips) received at the time of purchase with the budget account number noted on each. Travel expense charges must include a copy of the final accounting of the travel authorization form, as well as receipts pertaining to travel purchases made by credit card. He/she stamps the statement with an "Approved for Payment" stamp (*to be issued by Administrative Services Department*), assigns account codes for each item, writes the grand total of the amount to be paid in the "amount" area provided by the "Approved for Payment" stamp, attached the summary by budget account and secures the signature of the Executive Manager or his/her designee certifying items purchased and received and forwards to the accounts payable section of the Administrative Services

Department within five (5) working days after it is received. Non compliance may mean denial of future use. *Executive Managers must notify the Administrative Services Department, in writing, the names of designees authorized to sign approvals* (See Attachment 3).

- d. The Executive Manager will be responsible for receiving completed statements from all divisions, reviewing them, resolving any questions on the purchases, reconciling and signing the statements, and forwarding completed account statements with all attachments to the accounts payable section of the Administrative Services Department within five (5) working days after receipt of the statement in the mail. Account statements will all close on the last day of each month and will be mailed by the issuer shortly thereafter. Statements will be mailed directly to each department and will generally be received on about the same date each month.
- e. If an account has no purchase activity for a particular billing cycle and shows a "zero" balance, the statement should be sent to Administrative Services for filing in the merchant/vendor file. *"File Only -- Zero Balance"* should be clearly marked on the front of zero balance statements.

7. Approval

Approval of the transactions that employees have made using the merchant cards will not be totally defined in these procedures. Executive Managers, because of their knowledge of the job responsibilities of employees, are required to look at each employee's purchases, and at the merchant who made the sale in order to determine if these items were for Official Use and if they were items allowed to be purchased in accordance with the instructions provided. If, for any reason, the Executive Manager questions the purchases(s), it is his/her responsibility to resolve the issue with the employee. If he/she cannot be satisfied that the purchase was necessary and for Official Use, then the employee must provide a Credit Voucher proving item(s) have been returned for credit, or a personal check or cash for the full amount of that purchase. Resolution for improper use of the merchant card will be the responsibility of the Executive Manager to resolve, and disciplinary action for misuse will also be his/her responsibility to process.

8. Disputes

If items purchased with the merchant card are found defective or the repair of services faulty, the employee has the responsibility to return the item(s) to the merchant for replacement or to receive a credit on the purchase. If the merchant/vendor refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in DISPUTE.

A disputed item must be noted on the statement of account. In addition, an "Employee Statement of Questioned Item" form (Attachment 1) must be completed by the employee with appropriate documentation attached, if necessary. The Executive Manager, or his/her designee, shall notify the merchant card issuer in

accordance with the instructions on the "Employee Statement of Questioned Item" for adjustment. The form should be attached to the statement of account, with a copy retained by the Department for follow-up the following month to be sure the proper credit is received on the statement of account.

It is essential that the time frames and documentation requirements established by the merchant card issuer be followed to protect the employee's rights in dispute. Dispute policies and procedures issued by the merchant card issuer will be provided at the time merchant cards are issued to employees.

9. Requests for Initial, Additional or Changes to Merchant Cards

All requests for new accounts, additional cards or changes in account names or limits will be done by submitting "Request for Merchant Card" form (Attachment 2) to the Administrative Services Department. The form will be processed by the Administrative Services Department and the requesting Executive Manager will be notified when the request is processed. A minimum of thirty days should be allowed for processing requests.

10. Periodic Inventory of Merchant Cards

At least once annually, the Administrative Services Department will provide a list of credit cards issued to the Executive Manager. Executive Managers will conduct a physical inventory of credit cards, photocopying each card, and provide a report to the Administrative Services Department of the results of the inventory.

11. Lost or Stolen Merchant Cards

Should any employee lose or have a credit card stolen, it is the responsibility of the Executive Manager to immediately notify the merchant card issuer of the loss. The telephone number of the merchant card issuer will be provided when the merchant card is issued.

In addition to notifying the merchant card issuer, the Executive Manager must notify the Administrative Services Department of the lost or stolen credit card WITHIN ONE WORKDAY after discovery of the loss or theft of the card. The Executive Manager or his/her designee will be required to make a written report to the Administrative Services Department WITHIN FIVE (5) WORKDAYS that will include the complete information on the loss, the date the loss was discovered, the location where the loss occurred, if known, the purchases that the employee had made prior to the loss, and any other information that may be considered necessary.

12. Terminating Employee

The Executive Manager shall be responsible to collect merchant cards from terminating employees.

In the event the Executive Manager is not able to collect the merchant card when an employee leaves, the Executive Manager shall notify the Administrative Services Department immediately by telephone and follow-up with a memo to take action to insure the merchant card is voided. The Administrative Services Department will notify the merchant card issuer to void the merchant card to prevent any purchases after the employee leaves.

Section 13.0 CONTRACT CHANGE ORDERS

To establish a uniform procedure for documenting review and authorization of Change Orders for construction contracts these procedures shall apply to changes in the work that result in alterations, amendments or deviation from an awarded contract thereby modifying the scope of the contract, the cost, completion schedule, material and/or equipment furnished under the awarded contract.

A Change order is the written authorization that changes the awarded contract as noted above. The Change Order shall be for similar kinds of work as that awarded in the original contract and shall only arise in good faith from unforeseen items and/or events since the time of the bid award. Request for Change Order authorization to the City's purchasing authority shall be accompanied by a purchase order.

Change Order authorization limits are established as follows:

- Contracts < \$150,000 25% of contract or \$25,000 whichever is greater
City Manager
- Contracts \$150,000 - \$500,000 25% of contract
City Manager
- Contracts > \$500,000 10% of contract or \$125,000 whichever is greater
City Manager

The limits noted are for Change Order amounts in the "aggregate". Change Orders for amounts in excess of these limits must be approved by the City Council as a regular agenda item.

In all cases where a change order would increase the cost of the project beyond the existing budget resources, the change order shall be presented to Council along with an appropriation resolution to the Council for their consideration and approval.

Section 14.0 CONTRACTS WITH OTHER PUBLIC AGENCIES

It may be beneficial to contract with other public agencies for goods and services. In such cases, the purchasing authority may waive normal bidding procedures if can be shown, via the quotation procedures contained in Section 4.0, that contracting directly with another public agency is equal to or less than the cost of a private sector competitively bid contract.

Section 15.0 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING

The Council approved Resolution 02-107 on June 4, 2002 adopting Uniform Public Construction Cost Accounting. This provides the opportunity for the City to undertake public projects of \$25,000 or less by force account, negotiated contract or by purchase order.

For projects greater than \$25,000 but less than \$75,000, the City may undertake an “informal” bidding procedure as set forth by State regulations.

In all such cases wherein the City opts to utilize the Uniform Public Construction Cost Accounting method, State procedures governing this procedure shall supersede the City’s purchasing procedures as identified herein.