

# **PURCHASING POLICY**

## **Revised March 25, 2014**

### ***Policy Purpose***

This revised Policy is intended to replace the existing purchasing regulations, currently referenced as § A176-11 in the Tolland Code Book.

To establish procedures for the purchase of goods and services for the Town of Tolland including all Boards and Commissions, except the Board of Education,

Specifically, this document is intended to provide guidance to Town employees as to how and when certain services should be competitively bid. The Policy is intended to promote fairness among the competitive bid process while maintaining a flexible system of service procurement.

To ensure against datedness, the thresholds within this Policy will be adjusted periodically for inflationary impact as determined by the Town Manager and Finance Director. The value of the annual bid threshold pursuant to this policy will be provided by the Finance Department each year.

### ***Responsibility***

All employees, including supervisors and department heads and any others authorized to make purchases for the Town will be responsible for following the provisions outlined in this Policy when making purchases with Town funds. It shall be the Town Manager's responsibility to sign-off on all purchase orders. Subsequent payments against purchase orders shall be signed off by two department staff one being a supervisor or department head unless other verification approvals processes are authorized by the Town Manager. It shall be the responsibility of the Finance Officer and designated staff to review all purchase order requests to ensure availability of funds.

### ***Procedures***

#### ***Purchase Order Requirements***

The Town of Tolland's purchasing process begins at the departmental level. Each department identifies its need and initiates an on-line purchasing requisition. If funds are available the requisition will be approved first by the Finance Office and then by the Town Manager for final approval. After all approvals are acquired, the Finance Office will convert the requisition into a purchase order and funds will be available for spending.

Department approvals will still be required on all invoices prior to being processed by the Finance Office. Purchase orders will be required for all items or services greater than \$1,000. The purchase order will be reviewed and processed by the Finance Office and

then forwarded to the Town Manager’s Office for formal approval prior to being processed by the Finance Office. Caution should be used when there are several purchases against the same account for under \$1,000 to ensure that there will be sufficient funds available once the order is processed. Although not required, it is recommended that a purchase order for items costing less than \$1,000 be used as well.

Review and Control of Purchase Orders:

Department heads shall review all open purchase orders on a regular basis to determine the receipt/completion of goods/services or whether the purchase order should be cancelled. The Finance Office will review purchase orders on a quarterly or bi-annual basis to determine the status of all open encumbrances. No purchase orders of \$1,000 or more shall be approved to businesses or entities owned by Town of Tolland employees or immediate family of Town of Tolland employees unless done through a competitive and sealed bidding process. No purchase orders of \$1,000 or more shall be approved to businesses or entities where Town of Tolland employees or immediate family of Town of Tolland employees are also employed unless done through a competitive and sealed bidding process. And any above mentioned employees must recuse themselves from involvement in the administration of the competitive and sealed bidding process. Immediate family includes and is limited to the employee’s current spouse, mother, step-mother, father, step-father, mother-in-law, father-in-law, grandparents, brother, sister, child, stepchild, daughter-in-law, son-in-law or grandchild. Further, any contract work or goods and services provided by a Town employee under \$1,000 shall only be allowed if it is the least cost as compared to one other quote with appropriate documentation.

Blanket Purchase Orders:

Blanket purchase orders may be issued for items purchased on a frequent basis following the limitations under this policy. Selected examples include library books, miscellaneous hardware purchases, auto parts and other miscellaneous repairs and supplies from Town Departments.

*Requirements for Competitive Bidding*

Competitive and Sealed Bids:

Purchase orders and signed contractual bid documents along with all required bond documents will be required for all purchases or services exceeding the threshold for competitive and sealed bids. This threshold shall be one-tenth (1/10) of 1% of the Town’s grand mill levy in any particular fiscal year. Please see the section “Review and Control of Purchase Orders” for more on bidding requirements.

Awarding of Bid:

Unless otherwise directed by Town Council or other legislative authority, the Town Manager or his/her designee, after proper review of the bid results, shall award the

bid contract to the lowest qualified bidder. This assumes that the projects, goods or services are approved budgetary item(s) and that the lowest qualified bid is within budgetary limitations.

Local Vendor Preference:

Notwithstanding other grant restrictions or statutory requirements that supersede the competitive bidding requirements of this Policy, the Town Manager shall award the bid contract to a vendor having his/her principal place of business in the Town of Tolland subject to the following conditions:

1. The bid amount is not more than five (5) percent higher than the lowest qualified bid. The local bidder must agree to match the lowest qualified bid. If more than one qualified local business submits a bid within this five (5) percent threshold, then the business with the lower bid shall receive the local preference.
2. Only a town-based business shall qualify for this preference. The term “town-based business” shall mean a business that has its principal business operations within the Town of Tolland’s boundaries. The vendor shall provide adequate proof substantiating a bona fide principal place of business in Tolland. Such evidence may include ownership papers, lease agreement or proof of payment of local personal property taxes.
3. Any qualified local vendor shall be required to submit a signed Local Bidder Affidavit form with the sealed bid. Failure to submit an affidavit form, approved by the Town of Tolland, may result in the local bidder’s disqualification and ineligibility for a contract award.
4. The Town Manager or his/her designee has discretion to apply a local vendor preference for entering into professional service contracts.

*Non-Bidding Requirements (Please see the section “Review and Control of Purchase Orders” for more on bidding requirements)*

Price Quotations:

For goods or services of \$6,000 to 1/10 of 1% of the current tax levy, employees must obtain three price quotations and electronically attach them to the completed purchase order requisition. If a unique product or service is being purchased, or if it is difficult to obtain quotations, employees must note this in writing in the vendor or general notes section of the requisition.

For goods or services of \$3,000 to \$6,000, employees must make every effort to obtain two price quotations and electronically attach them to the completed purchase order requisition. If a unique product or service is being purchased, or if it is difficult to

obtain quotations, employees must note this in writing in the vendor or general notes section of the requisition.

The local vendor preference rule shall apply to all non-bidder projects as referenced in the section on competitive bidding.

***Policy Exceptions***

This Policy will not apply to the following circumstances:

1. Professional services: Professional services shall be exempt from the purchasing guidelines and are defined as being services which meet the following tests:
  - a. Work requiring knowledge of an advanced type or field of science or learning, including but not limited to engineers, architects, appraisers, attorneys, auditors, medical services, or;
  - b. Work that is original and creative in character in a recognized field or artistic endeavor and the result of which depends on a person's invention, imagination or talent, or;
  - c. Work as a certified teacher or trainer.

Depending on the scope of the project, the Town Manager may require that the designated project manager develop RFP specifications so that multiple proposals for a professional services contract are evaluated on a somewhat competitive, albeit a subjective basis. In some cases there may be preemptive legislation that may require a formal bidding process. Refer to exception #4.

2. Cooperative purchasing: This Policy will not apply when goods or services are acquired through cooperative purchasing agreements. Primary examples shall include State contracts, local & regional bids and cooperative bids including but not limited to the Capitol Region Purchasing Council, MHEC, WSCA, CREC, CCM and EASTCONN.
3. Emergencies: Inevitably there are emergencies when normal procedures must be suspended to ensure the timely delivery of goods or services. The Town Manager or his/her designee shall be empowered to suspend the normal procedures during an emergency situation when public safety is at risk.
4. Preemptive Legislation: This Policy will not apply to special goods, services or projects, the procurement of which is preempted by state or federal legislation. Selected examples include but are not limited to federal CFR Regulations, Davis-Bacon provisions or state prevailing wage requirements.
5. Recurring Expenditures: Recurring expenditures such as utility bills, service maintenance contracts, specialized printing such as voter ballots and professional development costs shall be exempt from the Policy provisions.

6. Technology Enhancements: The procurement of technology equipment shall be exempt from the Policy provisions. Since hardware and software standardization is critical to the efficient operation of the Town's computer system, it is not in the Town's interest to intermingle different brands or styles of computer equipment. All desktop computers shall be of a design consistent with the Town's technology inventory as determined by the Town's technology staff and run on the Microsoft Office platform of services. In situations where multiple vendors carry the same standard platform of products utilized by the Town, departments will be required to obtain competitive quotes.
7. Bid Waiver: By Resolution the Town Council may at any time waive the formal bid requirements if such waiver is in the best interest of the Town. The Town Manager shall serve the Council with a written request and explanation for such waiver.
8. Single Source: Those items having a single source supply.
9. On-Line Reverse Auctions pursuant to State Public Act 08-141 approved June 5, 2008.
10. Purchases made through Local, State or Federal surplus agencies.
11. Waiver by Town Manager: In certain situations the bidding, quotation and proposal processes may be waived even though the estimated cost exceeds the dollar threshold established within this policy. The formal process may be waived for any of the following reasons:
  - a. Time is a critical factor.
  - b. A formal process would result in substantially higher costs to the Town or inefficient use of personnel, or cause substantial disruption of Town services.

The Town Manager may grant a waiver for any of the above listed reasons. Upon granting such waiver, the Town Manager must notify the Finance Director in writing to state the reason(s) for granting such waiver. If the amount of the purchase exceeds formal bid thresholds then the Town Manager shall also notify the Town Council of such action at their next scheduled meeting.

A waiver of a formal bid threshold other than those permitted in this policy requires the approval of the Town Council. For a requesting Department to obtain a waiver, a written waiver request including specific reasons for the waiver shall be provided to the Town Manager. The request must be signed by the Department Head. Upon receipt of the waiver request, the Town Manager will notify the requestor and the Finance Director if the waiver has been granted.

***Contracts:***

All contracts for service must have two names on them with one being either the Director of Administrative Services, Director of Finance or Town Manager. Copies of contracts for service must be forwarded to the Finance Department and kept on file.

***Credit Card Purchasing:***

1. The Town has a credit card available to be used in conjunction with the aforementioned provisions to purchasing when necessary to order online, to order from a new vendor with whom the Town does not have an established account or in the case of emergencies or immediate necessity. The Town credit card is to be kept locked in the Finance office safe, signed out by the person requesting its use, and an original receipt or on line confirmation must be handed into the Finance Department with the appropriate budgetary code included on the receipt to charge the payment to. Certain Department Heads are also in possession of Town credit cards and should follow the same guidelines above for use and receipts.

***Personal Reimbursement:***

**Credit Card**

It is preferable that an employee use the Town credit card for town purchases rather than a personal card both for their own protection and the Town's. In the event of accessibility or emergency that necessitates personal credit cards to be used, the employee must adhere to the purchasing provisions and present proof of purchase with either an original itemized receipt, online proof of credit card payment of purchase or copy of the credit card statement. Every attempt should be made to have a sales tax free transaction.

**Cash Purchases**

It is preferable that an employee conduct business with a vendor that the Town has an established account with so that the purchase can be placed on the Town's account or the Town credit card be used. However, in exceptional circumstances and keeping the policy parameters in mind, reimbursement for personal purchases will be made only with proof of an original receipt. Every attempt should be made to have a sales tax free transaction.

### ***Travel Reimbursement Policy***

This policy shall govern all travel expenses incurred by employees who attend an approved conference/training program involving overnight travel. **Note that all requests for Town reimbursement will be considered within the confines of the established budgetary limitations.**

#### **Approval Process:**

All employees interested in attending out of town overnight conferences or educational seminar must request approval from the Town Manager at least two weeks prior to the conferences commencement date. No commitments for registration, travel, etc., shall be made until the travel authorization has been approved by the Town Manager and documented to the Finance Department on the travel approval form. The form may be found on the Town Server or other location designated by the Finance or Town Manager offices.

#### **Acceptable Travel Costs:**

Reimbursable travel costs may include lodging, transportation, meals, registration fees and related incidentals. Other reasonable expenses shall be reimbursed in full if supported by receipts. Employees shall submit all their reimbursement request receipts along with the travel reimbursement form with all expenditures summarized. The travel expense reimbursement form may be found on the Town Server or other location designated by the Finance or Town Manager offices.

#### **Mileage Reimbursement:**

Employees shall be reimbursed for mileage expenses at a rate consistent with that established by their respective bargaining unit. (If no such provision exists, the personnel rules or other appropriate authority shall be referenced for payment information.) If no other document provides guidance for the mileage rate, then the rate will be based on the current IRS allowable reimbursement rate for mileage. Reimbursement requests should be made on the mileage reimbursement form and include employee name, dates of travel, origination, destination and purpose of the trip along with the amount of mileage. The mileage reimbursement form may be found on the Town Server or other location designated by the Finance or Town Manager offices.