



CITY OF WASHINGTON, MISSOURI

Purchasing Policy



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Chapter 1 PURCHASING POLICY

Section 1-1 Introduction

This Purchasing Policy shall provide full information concerning the purchasing strategy, rules and regulations applicable to the City of Washington. This Policy ensures standardized procedures that provide fiscal control and allow the City to obtain quality goods and services at the lowest possible costs and receive maximum value for each public dollar spent.

Each department head is responsible for the procurement of goods and services necessary for the operations of his/her department, subject to approval levels defined in this policy.

It is the responsibility of each department head to ensure that all purchases are made in a cost effective manner, and that no funds are expended above appropriated amounts without authorized approval.

If any designated individual in this manual is not available due to unforeseen circumstances a designee may be assigned by the Mayor so the City may continue to function and provide the same level of City services.

Section 1-2 Goals

The basic goals of the City of Washington purchasing policy are:

1. Coordinate purchasing activities between various departments, Finance and Administration.
2. Comply with legal requirements of public purchasing.
3. Ensure the integrity of public procurement.
4. Ensure consistent use of purchasing procedures.
5. Assure vendors that equal and impartial treatment will be afforded to all who wish to do business with the City.
6. Receive maximum value for each public dollar spent.
7. Optimize the City's fiscal controls and cash flow.
8. Provide City departments required supplies and services at the time and place needed in the proper quantity and quality.

If the procedures and guidelines established in this manual are followed, each department will efficiently manage, control, and plan their available resources to meet present and future departmental needs and help the City meet its goals.

The City Administrator or designee will act as the City's Purchasing Agent and the Finance Manager or designee will act as the City's Purchasing Coordinator.

Section 1-3 General Guidelines

Planning for purchases should be done on both a short-term and long-term basis. Procurement begins with the preparation of the Annual Budget including the Long-Range Budget Plan. The following guidelines will be considered in all City purchasing:

1. Local Vendors. It is the objective of the City of Washington to purchase products and/or services at the best prices. Whenever possible, Washington vendors should be contacted. Washington vendors are those businesses possessing a Washington business license, or if a license is not required, located within the city limits of Washington.
2. American Products. It is the desire of the City to encourage the purchase of products manufactured, assembled, or produced in the United States, if the quality and price are comparable with other goods, in accordance with Chapter 34 of the Missouri statutes.
3. Recycled Products. It is the desire of the City to encourage the purchase and use of products manufactured from recycled materials, if the quality and price are comparable with other goods. Consistent with purchasing and using recycled goods, the City will observe the recycling requirements listed in Chapter 34 of the Missouri statutes.
4. Budgetary Limits. Budgetary limits are to be strictly observed. Budget Amendments between line items from the same department with no change in departmental fund balance must be requested using a Departmental Budget Amendment/Adjustment Form (Appendix A) and approved by the Finance Manager or the City Administrator. Budget Amendments between departments in the same fund with no change in fund balance must also be requested using a Departmental Budget Amendment/Adjustment Form and approved by the City Administrator. All other budget amendments must be approved by City Council. Department heads contemplating a purchase that will exceed a budgetary account should contact the Finance Manager to insure that provision is made for the necessary budget adjustment prior to initiating the purchase.
5. Best Price. Purchases shall be awarded to the vendor or provider that is deemed to be in the best interest of the City, not necessarily the lowest price. The following criteria will be considered when determining what is in the best interests of the City:
 - A. price,
 - B. the level or quality of the service or product offered, including green considerations,
 - C. the demonstrated ability to provide the service or product,
 - D. timeliness of delivery,
 - E. level of fit.

When the approved purchase is to be made from a vendor other than the low bidder, the reasons shall be documented on the Bid/Quote Summary Form (Exhibit E) by the requisitioning department. Approval shall be received from the City's Purchasing Coordinator and/or Agent before order placement.

6. Quality Buying. Vendor selection shall also include consideration of the service quality. Quality and service are just as important as price and it is the responsibility of the requisitioning department to secure the best quality for the purpose intended. In some instances, the primary consideration is durability. With other purchases, it may be a question of immediate availability, ease of installation, frequency of repair, or efficiency of operation that must be given primary consideration. The purchase of goods or services that will meet but not exceed the requirements for which they are intended defines quality buying. In the case of motor vehicles and other capital expenditures, departments may want to investigate life cycle costs or EPA mileage ratings to compare bids/quotes as opposed to utilizing prices as the sole criterion for determining the lowest responsible bidder. It is the responsibility of each department head to become familiar enough with the available equipment to determine the appropriate quality required to develop specifications and bid/quote analysis.
7. Ethics/Bribery. All employees of the City of Washington have chosen to serve the public and therefore shall not accept, grant, or be influenced in their duties by any offer of payment, gift or favor from any source other than their compensation from the City. Attempts to influence decisions regarding the expenditures of public funds may be directed towards any employee who has influence over the selection of vendors. The penalty for accepting a bribe will be immediate disciplinary action and/or termination.

No endorsements of products or services shall be permitted using an employee's name or position or the City's name without the approval of City Council.

Any employee who feels pressured by any City vendor should immediately report the vendor to the Purchasing Agent and Coordinator.

A. Conflicts of Interest. No officer, employee of the City shall participate in a contract for supplies or services when that person knows:

- (1) The officer, employee or any member of the officer's or employee's immediate family has a financial interest pertaining to the contract; or
- (2) A business or organization in which the officer, employee, or any member of the officer's or employee's immediate family, has a financial interest pertaining to the contract.

Any contract in which any officer or employee of the City has a financial interest, directly or indirectly, may only be considered when said contract is awarded as a result of open bidding outlined in this manual.

Every officer or employee of the City shall not directly or indirectly solicit any gift or receive any gift, whether in the form of money, services, loans, tickets, promises, or any other form, under circumstances in which it could reasonably be inferred that the gift was intended to influence them, or could reasonably be expected to influence them, in the performance of their official duties or was intended as a reward for any official action on their part. Gifts of food and other de minimus items are excluded.

The City Clerk maintains a list of elected and appointed officials who need to file an annual report with the Missouri Ethics Commission and insures everyone files by May 1 of each year.

8. Sales Tax. The City is exempt from paying all local and state sales tax. The Finance Department can provide the necessary exemption documents to any vendor, upon request.

The City's Missouri sales tax exemption number is 12494267, and has no expiration date.

9. Shipping. Shipping, delivery, transportation, installation and similar costs are to be included in determining the best price. Specifications should specify FOB Washington, Missouri. It is important for shipping to be "FOB Washington", for if there is damage during shipment or the goods are defective, the vendor is obligated to rectify the situation.
10. Personal Purchases. Personal purchases for employees by the City generally are prohibited. Exceptions may be made where the Purchasing Agent or Purchasing Coordinator determines that the purchase benefits the City, such as allowing employees to purchase clothing with the City's logo on it, sale of surplus property, etc. If an employee does make a personal purchase, the appropriate amount of applicable sales tax shall be charged and remitted to the State of Missouri. For example, when a police officer retires, he/she may like to purchase the firearm used during City service. In this case, the City Administrator may approve the sale of City property and the City will charge the applicable sales tax rate at purchase time. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchases. Exceptions may be made by the Purchasing Agent or Purchasing Coordinator for special discounts extended by outside agencies such as a discount for government employees for phone service, exercise fitness programs, etc.

11. Planning. Planning of purchases should be completed by each department on a short term and long term basis. Small orders and last minute purchases should be minimized, thereby increasing the capability of each department to purchase its goods and services in larger quantities. Large quantities typically encourage the maximum discount possible and therefore improve pricing. Planning will also reduce the time expended on pickups, documenting purchases, and will allow the City to improve its fiscal control and optimize cash flow.
12. Vendor Selection. Vendors and suppliers of the City shall be carefully selected. City departments should assure themselves that the vendor has a proper license, is an authorized dealer for the given product or is a qualified provider of the services sought.
13. Public Review. All specifications, bid/quote documentation, purchase orders, and other supporting documents that are public records are available to citizens, vendors, media, etc. upon reasonable request. Public records will be available for public review during normal operating hours, and may require advance notice per the Missouri State Statutes regarding Freedom of Information. All requests should be made through the City Clerk's office.

Section 1-4 Definitions

The following are definitions of words, terms, and phrases used in the City's procurement of supplies and services:

Bid Opening/Formal Bid

The bid for certain items, projects, contracts, etc. is advertised in a newspaper along with a deadline date and time. If a bid is received after the date and time it is not considered in the bid opening. All bidders are welcome at the public bid opening. Formal bids are usually required for items greater than \$10,000 as specified in Sections 2-3 and 2-5. The Purchasing Agent or Coordinator may request formal bids for items less than this amount or may waive the requirements for formal bids if deemed necessary due to timing, emergency, etc.

Bid Packet

In order to maintain consistency among the departments a standard bid packet should be used. The following should be included in the packet: prevailing wage report, illegal alien's policy, insurance requirements, etc. The department may want to add their own specifications, reports, policies, etc. as needed.

Construction

Means the process of building, altering, repairing, improving, or demolishing any public infrastructure facility, including any public structure, building, or other improvement of any kind to real property. It does not mean the routine operation, routine repair, or routine maintenance of any existing public infrastructure facility,

including structures, buildings or real property.

Contract

Means all types of agreements, regardless of what they may be called, for the procurement or disposal of supplies, services, or construction.

Credit Card

Means all city credit cards issues or utilized in a purchasing card program.

Financial Interest

Means ownership of any interest or involvement in any relationship from which, or as a result of which, a person within the past 12 months has, is presently or in the future entitled to receive, more than \$500 per year, or its equivalent.

Green Procurement

Means the procurement of products and services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. This comparison may consider raw material acquisition, production, manufacturing, packaging, distribution, operation, maintenance, disposal and re-use of the product or service. Green procurement encompasses the concept of the procurement of goods and services that provide for basic human needs and bring a better quality of life, while minimizing the use of non-renewable natural resources and toxic materials and the emission of wastes and pollutants over the life cycle, so as not to jeopardize the ability of future generations to meet their own needs.

Green Product

Means a product that is less harmful than the alternative, having characteristics including, but not limited to, the following:

- Recyclable - local facilities exist that are capable of recycling the product at the end of its useful life.
- Biodegradable – decomposes at a faster rate in landfill.
- Contains recycled material (post-consumer recycled content).
- Minimal packaging and/or for which there will be take-back by the manufacturer/supplier of packaging.
- Reusable or contain reusable parts.
- Minimal content and use of toxic substances in production.
- Produce fewer and/or less polluting by-products during manufacture, distribution, use and/or disposal.
- Produce the minimal amount of toxic substances during use or at disposal.
- Make efficient use of resources - a product that uses energy, fuel or water more efficiently or that uses less paper, ink or other resources.

- Durable - have a long economically useful life and/or can be economically repaired or upgraded.

Invitation to Bid/Quote

Means all documents, whether attached or incorporated by reference, utilized for soliciting Bids/Quotes. A Bid is a call for pricing offers from companies, corporations, etc. by the city for certain items, projects, etc. Bids may be formal, informal (calls, internet, etc.), or written. There is a specific deadline to receive the product or the project to be completed.

Map Mileage

Means mileage from workplace to destination using MapQuest, Google Earth, etc.

Minor Informality

Means a mistake, excluding judgmental errors that have negligible material effect on price, quantity, delivery or contractual terms and waiver or correction of such mistake does not prejudice other bidders or offers.

Officer

An officer of the City as defined in the City Code.

Professional Services

Means those services requiring specialized knowledge, education or skill and where the qualifications of the person(s) rendering the services are of primary importance. Professional services shall include but not be limited to appraisers, land surveyors, attorneys, architects, engineers, physicians, health practitioners, auditors, systems and software analysts and other professional consultants.

Public Notice

Means the distribution or dissemination of information to interested and relevant parties using methods that are reasonably available. Such methods may include publication in newspapers of general circulation, electronic or paper mailing lists, and web sites designated and maintained for that purpose.

Purchasing Agent

Means the person authorized at the City to enter into agreements and contracts. For the City of Washington, this person is the City Administrator or designee.

Purchasing Coordinator

Means the person authorized at the City who oversees the entire purchasing process. For the City of Washington, this person is the Finance Manager or designee.

Quote

A figure that the City receives from a contractor, corporation, etc. that is good for a limited time only.

Request for Proposals

Means all documents, whether attached or incorporated by reference, utilized for soliciting proposals.

Request for Qualification

Means all documents, whether attached or incorporated by reference, utilized for soliciting requests from companies, corporations, etc. This is not a bid, but is a qualification-based selection process.

Requisition

Means an internal document or process by which a department sends details of supplies, services, or materials requested to the Finance Department, including documentation of authority to commit funds for the purchase.

Responsible Bidder

Means a person who has the capability to fully perform the contract requirements, and has the integrity and reliability that will assure good faith performance.

Responsive Bidder

Means a person who has submitted a bid/quote that conforms in all material respects to the invitation to bid/quote.

Services

Means the furnishing of labor, time, or effort by a contractor, not involving the delivery of specific end product other than reports or drawings.

Specification

Means any description of the physical or functional characteristics, or of the nature of a supply, service, or construction item. It may include a description of any requirement for inspecting, testing, or preparing a supply, service, or construction item for delivery.

Supplies

Means all property, including but not limited to commodities, equipment, materials, printing, insurance, and leases of real property, excluding land or a permanent interest in land.

Surplus Supplies

Means any supplies other than expendable supplies no longer having any use to the City. This includes obsolete supplies, worn out or scrap materials, and nonexpendable supplies that have completed their useful life cycle.

Sustainable (green) service

Means a service acquired from a supplier who has a green operational policy and whose internal practices promote sustainability.

Threshold

Means the dollar value of contracts, above which a formal record is kept on file showing that environmental and/or other criteria were considered when requirements were defined.

Written or in Writing

Means the product of any method of forming characters on paper, other materials, or viewable screens that can be read, retrieved, and reproduced, including information that is electronically transmitted and stored.

CHAPTER 2

PURCHASING PROCEDURES

Section 2-1 Purchasing Procedures

The City has established policies regulating the degree of formality to be followed in the purchase of supplies and services, depending on the cost of the items to be purchased. Subdividing purchases or the splitting of purchases into smaller orders to avoid these requirements is strictly prohibited.

Section 2-2 Purchase Orders

Purchase orders when required will be secured prior to purchasing all goods and services. The City's purchase order system is administered electronically. A purchase requisition must be completed by entering necessary data via computer terminal and be approved by the Department Head, Finance Manager, and City Administrator under the approval procedures established in this manual. In order to ensure expeditious processing of purchase orders, it is important that the requisitioning department complete all forms and data entry accurately and verify the purchase is a budgeted item.

Purchase order requisitions (Appendix B) must contain the following items minimum:

- date
- vendor name and address
- complete description of the goods or services requisitioned including quantities, item/model numbers, prices, discounts, shipping, delivery information
- account number
- project number, if required
- electronic authorization of the Department Head (or other authorized person)

The purchase requisition shall be accompanied by all forms of appropriate backup documentation including ordinances, bid/quote forms both written and verbal, copies of agreements/contracts etc. These back up items shall be scanned in and attached to the purchase requisition by the requesting department in the City's accounting system. The Department Head must approve in accounting system which will forward/route the requisition for approval from the Finance Manager and/or City Administrator as appropriate.

After reviewing the requisition for accuracy and completeness and verifying proper approval has been obtained, the Finance Department will issue a

Purchase Order (Appendix C) and return a yellow copy to the requisitioning department for order placement with the vendor. It is the responsibility of the originating department to provide vendors a purchase order copy if needed.

All purchase order requests require the appropriate approval and signatures **prior to commitments being made or order placement**. A purchase order is a contract between the City and a vendor. The contract is not binding until it is accepted by the vendor.

Exceptions may be made for emergency purchases etc. but require the approval of either the Purchasing Agent or Purchasing Coordinator. In these instances, the purchasing department must fill out the purchase order waiver form (Appendix D) and get appropriate signatures on it prior to commitments being made or orders placed. This form must be attached to the invoice in order to be paid by the Finance Department. An additional exception may be made for monthly utility payments, monthly agreement/contracted amounts, etc. but require the approval of the City Administrator. The exception would be valid until revoked by the City Administrator. The Accounts Payable Clerk would maintain all purchase order waiver forms waived for future time periods in a permanent file for future reference. Some examples may be monthly prisoner fees, monthly fuel purchases, monthly electric, annual primacy and sewer connect fee, etc.

When an account is over budget in the line item for a requested purchase(s), the purchase order may be processed, but will require electronic approval of the purchase order by the Finance Manager and/or City Administrator.

The issuance of purchase orders by unauthorized individuals will not be recognized by the City and payment for these obligations will not be approved.

Unauthorized purchases may be classified as personal expenses to be paid by the employee.

Section 2-3 Purchasing Requirements

1. Budget purchases for less than \$3,000 may be obtained in the most advantageous method of purchasing with due regard for competitive prices and quality. Department heads should designate employees who will be allowed to make purchases and to provide internal control procedures to insure that all purchases are for legitimate public purposes, that monthly statements from vendors are reconciled, and all purchases are properly accounted for.
2. Budgeted purchases exceeding \$3,000 require 3 bids/quotes to be solicited by email, regular mail, telephone or fax. If a department head is unable to secure three verbal or written bids/quotes, a notation explaining why fewer than three qualified vendors were available should be made on the Bid/Quotation Summary Form (Appendix E) and scanned into the Accounting System for review with the Purchase Requisition. An online price comparison will be accepted if three bid/quotes could not be obtained

through the other means listed above. The department making the purchase is required to obtain the bids/quotes and complete all necessary paperwork including any contracts, etc. and enter purchase information into the City's accounting system as stated in Section 2-2. The Finance Manager, prior to an order being placed with a vendor, must approve purchase order requests for supplies or services having a value exceeding \$3,000 with an electronic signature. A purchase order will be issued once all appropriate approval/signatures are obtained. When seeking bid/quotes, the practice of "auctioneering" or "whipsawing" should be avoided by refusing to disclose to a vendor the price bid/quoted by competitors.

3. Budgeted purchases exceeding \$6,000 require 3 written bids/quotes to be solicited. Department heads are reminded that the use of written bids/quotation requires appropriate planning to ensure that adequate lead time is available to satisfy the purchasing requirements. The department making the purchase is required to obtain the bids/quotes and complete all necessary paperwork including any ordinances, contracts, etc. and enter purchase information into the City's accounting system as stated in Section 2-2. Both the Finance Manager and City Administrator prior to an order being placed with a vendor, must approve purchase orders for supplies or services having a value exceeding \$6,000 with an electronic signature. A purchase order will be issued once all appropriate approval/signatures are obtained.
4. Budgeted purchases exceeding \$40,000 require formal bids. See formal competitive bid requirements in Sections 2-5 through 2-10. Specifications should be forwarded to the Purchasing Agent's office for review, comment and approval. The City Administrator will then authorize the preparation of the invitation to bid. The department head should submit a list of qualified vendors along with the specifications. An invitation to bid will be sent to these vendors, those vendors who have requested inclusion in the City's prospective vendor file, as well as those that respond to the legal notice. All purchases exceeding \$40,000 require City Council approval before the item can be paid. A letter is submitted by the Finance Manager at City Council meeting for approval. Exceptions may be waived by Purchasing Agent or Coordinator for emergency purchases and/or any purchase that requires immediate payment. For these cases, the next letter submitted to the City Council for approval should list these purchases with appropriate reasons for paying. In addition, backup documentation should be submitted for purchases other than monthly payroll and debt services expenditures.

The Finance Manager and/or City Administrator are authorized to amend the budget line items within the same department. The City Administrator is authorized to amend the line items between departments within the same fund, but shall not authorize more monies to be expended for any particular fund than that authorized by budget without prior approval of the City Council. In addition, any monies set aside for capital outlays shall not be used for any other purposes without prior approval of the City Council. The City Administrator may delegate

the budgeted transfer authority to the Finance Manager when the transferred amount is less than \$6,000. At any time, the Finance Manager has the authority to correct administrative errors to ensure proper posting and accounting procedures are maintained.

Section 2-4 Special Procurement Procedures

Periodically, the City may need to purchase goods or services under circumstances that do not clearly fit the patterns of normal public procurement and for which normal competitive shopping procedures do not apply. The following guidelines are provided for making such purchases:

1. Sole Source Purchases

In the event that there is only one vendor that can provide a particular good or service, then the competitive shopping procedures outlined in this policy may be waived by the Purchasing Agent and/or Purchasing Coordinator.

Whenever a Department Head determines that he must purchase supplies or services from a "sole source vendor", he should document why only one company or individual is capable of providing the supplies or services required. Every effort including searching the internet should be used as part of the search for sole source vendor status. The documentation must be retained as part of the department purchasing records and scanned by the requesting department in the City's accounting system. Documentation can include a letter from the distributor or manufacturer stating sole source position or a note explanation from the department head stating the reason as sole source. The Purchasing Coordinator or Purchasing Agent reserves the discretion to challenge the sole source determination by requesting bids/quotes is obtained by the purchasing department.

The following items are likely to be purchased from a sole source provider:

- A. Proprietary situation exists with a single manufacturer or distributor.
- B. Based on past procurement experience, it is determined that only a single distributor exists within the City's region.
- C. Unique situation exists when matching existing equipment or system.
- D. Supplies are available at a discount for a limited time period and discount is less than previous competitive bids/quotes for the same purchase.
- E. Interface upgrades, add-on parts and components to existing, City owned equipment that requires total compatibility assurance; license

renewals for City owned software, and repair and maintenance for City owned equipment and software for which it is technologically and cost effective to procure from the original seller or manufacturer.

- F. Specialized computer software for network applications that have been technically reviewed, tested and justified by the Purchasing Agent or Coordinator, and annual software updates.
- G. Certain professional services, as determined by the Purchasing Agent or Coordinator.

2. Cooperative Procurement Programs/State Bids

Cooperative purchasing programs or vendors offering “state bid” pricing, such as those available through the State of Missouri, should be used whenever the desired products or services are comparable. Purchases made through these programs have met the requirements of competitive shopping and will not require further documentation. The cooperative program and contract number should simply be noted on the purchase order requisition. Many of these cooperative procurement programs are available and good judgment should still be used in keeping the price competitive. Department Heads are encouraged to competitively shop these cooperative purchasing programs as experience has shown there is at times a noticeable difference in pricing when utilizing these programs. As the number of “state bid” vendors or programs increases, it is strongly suggested and encourage that bids/quotes are obtained as there is a competitive market among these programs. The Purchasing Agent and/or Purchasing Coordinator may request a bid/quote sheet be prepared if they deem it is in the best interest of the City to obtain a competitive price.

3. Green Procurement

Preference in procurement will be given to green products and services, however all factors including, but not limited to, quality, level of service, price, and budget should be considered.

A green product is one that is less harmful than the alternative as defined in Section 1-4.

Where available and cost effective, green products and services that are of equal or better performance and quality should be considered. In determining cost effectiveness, a department should give consideration to the cost and benefits that accrue, in the shorter and long term, to the City.

Further, it is City policy, where economically feasible, to purchase supplies made of recycled materials, preferably post-consumer, and to make every effort to separate and properly dispose of these materials.

4. Professional Services

Normal competitive procedures cannot be utilized in securing professional services such as attorneys, engineers, banks, certified public accountants, physicians, auditors, insurance advisors and brokers, public relations consultants, real estate brokers, landscape architects, appraisers, planners, and other professionals who, in keeping with the standards of their discipline, will not enter a competitive bidding process.

The Purchasing Agent is authorized to approve contracts for professional services under \$10,000. Contracts exceeding \$10,000 requires a formal RFP/RFQ to be prepared and requires City Council approval. A Bid/quotation Summary Form summarizing the qualifications and proposed costs along with the Department Head's recommendation must be submitted with purchase order requisition.

A Request for Proposal (RFP) or a Request for Qualifications (RFQ) can be prepared much the same way as formal bid specifications, including requirements and minimum standards for the services to be provided. An RFP or RFQ should request information regarding the background and experience of the submitting party for the specialty task to allow the City to determine which party is best qualified to provide the services requested. Requests for Proposals or Qualifications should be submitted to the Purchasing Agent for review and approval a minimum of 5 business days prior to publication. When an RFP or RFQ for professional services is approved, a notice shall be published in at least one general distribution publication a minimum of ten business days in advance of the RFP or RFQ submission deadline and a limited number of qualified professionals known to the City may be invited to submit a proposal or qualifications, delineating their interest, qualifications, and how they can meet the City's needs. In securing professional services, it is the primary goal of the City to obtain the services of a professional who has a proven record or documented capability of providing, in a professional way, those services required.

A contract will be negotiated with the professional deemed to best meet the City's needs. If an agreement on the cost and conditions cannot be reached, then these negotiations will be terminated and negotiations will commence with the next most qualified professional.

5. Emergency Purchases

The bid procedures outlined in this manual may be waived under emergency conditions when a delay may threaten the basic mission of a department or situation. Emergency purchases are rare. Occasionally, equipment will require emergency repairs or other circumstances will necessitate emergency purchasing that cannot await compliance with

these regulations. Department Heads faced with an emergency purchase are to obtain approval from the Purchasing Agent and/or Coordinator as quickly as possible using the Purchase Order Waiver form. In addition, the City Administrator and/or Finance Manager's signature must be obtained on the Purchase Order Waiver within five working days of the purchase according to the regular purchasing requirements as established in Section 2-3.

6. Charge Account/Card Purchases

All charge accounts will be coordinated through the Finance Department. Charges, lines of credit, or accounts are not to be opened except as approved by the Purchasing Agent or Coordinator. Departments are responsible for assigning the privilege to charge on City accounts as they see fit for their department. The Finance Department is responsible for making changes to the account. The Accounts Payable clerk keeps the master list of employees allowed to charge.

7. City Issued Credit Cards

All City issued credit cards will be obtained from the Human Resource Manager.

8. Purchasing Cards

All purchasing cards will be obtained from the Finance Manager.

9. Designated Vendors

On occasion, the City will select a primary vendor for specific products (i.e. supplies, salt). Processing of purchases will be arranged on an individual case basis and coordinated through the Purchasing Coordinator.

10. Blanket Purchase Orders

Blanket purchase contracts are for long-term contracts for supplies or services awarded after receiving competitive bids/quotes. The contract remains open for a period of up to one year to purchase the supplies or services specified on an "as needed" basis. Examples of where these types of contracts would be appropriate are emergency plumbing services, construction materials such as rock, trees, and other landscaping materials, automotive supplies, hardware, and office supplies. These items are ones that are frequently or routinely used by the City and for which the initiation of competitive shopping each time the supplies or services are required would be cumbersome and inefficient.

11. Bulk Fuel Purchases

Due to nature of daily pricing changes, bulk fuel purchases for vehicles may be made without approval of a purchase order, provided that three bids/quotes are obtained and the lowest cost vendor is selected.

Bids/quotes can be submitted via fax or email due to nature of daily pricing changes. In the event three bids/quotes are not obtainable, the Purchasing Coordinator must approve prior to purchase. Documentation of the purchase including invoice and bid/quote sheets must be scanned into the accounting system and submitted to the Accounts Payable Clerk.

With department head approval, City employees who drive City vehicles are issued a pin# and vehicle # to utilize the bulk fuel system. The employee must enter the odometer reading in order to get fuel. The Public Works department monitors the system, prints reports, prepares departmental allocations and reconciles on a monthly basis. Any personal use of fuel system is strictly monitored and prohibited and may result in disciplinary action up to and including termination of employment.

On a rare occasion when employees cannot be fueled through the City's bulk purchasing program, purchases may be made at any commercial service station, although price shopping is still encouraged. The City is generally billed for the fuel.

12. Purchase of Used Equipment

New equipment is generally preferred over used equipment. However, there are situations where the purchase of used equipment should be considered. These situations include:

- A. Price is of prime importance and the difference in cost between new and used goods is significant.
- B. Equipment will be used infrequently, for a limited time, for training or auxiliary operation.
- C. Better delivery is essential.
- D. Compliance with green guidelines.

The purchase of used equipment requires careful shopping. The requisitioning department should make every effort to secure a minimum warranty or guarantee that the equipment will perform as needed and that service or replacement parts are available. All used equipment purchases must be approved in advance by City Administrator.

13. Purchase of Flowers

In order to minimize the duplication of good intentions, please coordinate all of your plant/flower purchases for illness, funerals, etc. through the City Clerk's office. In the event that the City Clerk is unavailable, please coordinate these activities through the City Administrator's office. All flowers will be purchased and given from the entire "City of Washington". If a department/individual wishes to do something in addition to the City, it shall be at their personal expense.

14. Petty Cash Accounts

Petty cash funds will be issued to various departments in varying amounts depending on the needs of the department. All requests for initial petty cash or any changes to petty cash amounts or who receives the petty cash must be approved by the Purchasing Coordinator. Petty cash funds should be used to avoid the time and expense of processing payments for items totaling \$45 or less. A petty cash receipt (Appendix F) is to be completed by the person responsible for requesting the funds in each department; these should include the amount, description of item, and budget account number. Two signatures are required on each petty cash receipt. The person receiving funds and the person issuing the reimbursement must both sign. If 2 different signatures are not received, this may be considered a personal purchase.

Petty cash funds should be replenished on a monthly basis unless little activity in the month. A petty cash reimbursement form (Appendix G) should be completed by the person responsible for requesting funds in each department with all completed and signed petty cash receipts attached. This should then be forwarded to the Accounts Payable Clerk for review and approval of the Finance Manager. The replenishing check shall be made out to the person responsible for petty cash replenishment in each department or another person designated by the Finance Manager.

The Finance Department may conduct unannounced audits of petty cash funds to assure proper accounting of funds. The use of petty cash funds for personal use, even for very short periods, is contrary to City policy and may result in disciplinary action and/or termination of employment.

15. Change Orders

Change orders (Appendix H) are amendments to contracts for the purchase of supplies or services that are made after the contract has been awarded. Change Orders result from the discovery of unforeseen conditions. Change Orders may not be used to overdraw a budgetary account, to avoid the City's competitive bidding process, or to materially alter the purpose of the original bid/quote or contract. All change orders

must first be approved by the Purchasing Agent. In addition, all change orders must be approved by City Council. After City Council approval, the Finance Department enters the change order in the accounting system and obtains the appropriate approvals in the system.

16. Final Payments

Final payments (Appendix I) for construction including payments under a contract agreement require a final pay request approved by City Council before a final payment is made. The requisitioning department shall submit all final pay requests to the City Clerk for City Council approval. Once approved, the requisitioning department shall scan in and submit the approval paperwork and all other paperwork to the Finance Department for approval and payment under the purchasing guidelines established in this manual. If a balance remains on the purchase order when the final payment is made, the requisitioning department should make a note on the purchase order that it is now closed and the Accounts Payable Clerk will adjust the Purchase order to a zero balance. The City Administrator may request that other types of final payments be presented to City Council for approval before payment.

Section 2-5 Formal Competitive Bidding

When goods or services are bought under the formal competitive bidding process, written specifications must be prepared. Each department shall use the City's standard bid packet and revise or add to as needed in the bid process. Specifications, whatever the type, should accomplish five objectives:

1. Identify minimum requirements,
2. Allow for a competitive bid/quote,
3. Provide data for an objective review,
4. Provide for an equitable award at the "best" possible cost, and
5. Provide for indemnification of the City, as appropriate.

It is advised that all bid specifications be reviewed by the Purchasing Agent or Purchasing Coordinator prior to release. This is not required, however it is suggested in order to ensure consistency and compliance with the City's purchasing policy. If review is desired, a minimum of 5 business days should be allowed.

Section 2-6 Competitive Bidding Guidelines

1. Keep specifications as simple as possible while maintaining the accuracy required to keep bidders from using a loophole to avoid providing the quality or services required or to, in some manner, take advantage of their competitors.

2. All specifications must contain language allowing the City to reserve the right to accept, reject, or modify any and /or all bids/quotes.
3. Whenever possible, identify the equipment or material required by an accepted standard specification or a name brand on the market. All specifications that utilize a brand name must include the term "or equivalent" to avoid being restrictive and eliminating fair competition from the bidding process.
4. Specifications should promote competition. Specifications drafted in this manner will allow several bidders to provide the City with alternatives and insure that the City obtains the best price for the goods or services required.
5. Flexibility in the specifications is desirable, especially in instances where new technologies are being sought. Specifications should be specific enough to guarantee the quality required but sufficiently flexible to allow vendors to be creative in their proposals. If a proposal does not meet the City's needs, it can be rejected and the bid/quote that closely follows the specifications accepted.
6. Specifications should be reasonable in their tolerance. Unnecessary precision can frequently escalate the bid/quote price.
7. Specifications should be written with clear simple language, free of vague terms or those subject to a variety of interpretations.
8. Consideration for green purchasing should be incorporated in the bidding specifications.
9. Formal bids/quotes should be advertised in at least one general distribution publication a minimum of ten business days in advance of the bid/quote submission deadline.
10. Specifications should include proper indemnification notices, when appropriate.

Section 2-7 Types of Specifications

1. Specifications by Performance, Purpose, or Use. Specifications that include a set of performance criteria for the goods or services required will provide flexibility for vendors to design products or programs specifically aimed at meeting the purpose or performance standards the City has established. Generally, specifications, which center on performance standards, generate competition since they allow vendors to exercise some creativity in the types of services or goods included in their bids/quotes. Department Heads are cautioned to exercise care by including some specific technical specifications that will provide a floor or bottom line quality determination. The use of performance specifications without minimum standards could result in items being installed, paid for, and later determined not to meet City expectation. It can be very difficult to go back to a vendor and argue that the item did not meet the performance criteria established. At that point, the determination of

satisfactory performance can become extremely subjective with the vendor insisting that his item is acceptable although actual experience indicates otherwise.

2. Specifications by Samples. Whenever appropriate, a sample is always a good way to make your requirements perfectly clear. A good example would be printing bids/quotes for which artwork or an existing form would be attached. Whenever samples are utilized, Department Heads should provide an adequate supply so that originals can be included with all bid invitations and some maintained in the file for vendors who request bidding documents.
3. Specifications by Identification with Industry Standards. Specifications will often refer to industry-wide standards or to standards met by other public jurisdictions. Some examples of these would be lumber grading standards set by the asphalt or concrete industries or by referencing standard specifications of Missouri or Federal agencies.
4. Specification by Drawings or Dimension Sheet. Specifications of construction projects for everything from buildings and streets to custom-built cabinets, furniture or other equipment should be written to reference the drawings or dimension sheets prepared and sealed by an architect or engineer, when appropriate. Such specifications provide an appropriate method of evaluating all bids/quotes, and later of verifying the quality of the construction work or the equipment of fixtures delivered.
5. Qualified Products or Acceptable Brands List. These lists are developed only where it is not possible to write specifications adequately to identify the quality and performance required of the goods or services to be purchased. Acceptable brand lists are also used when tests necessary to determine compliance with technical specifications are lengthy, costly or require complicated technical equipment.
6. Specification by Brand or Trade Name. Brand or trade names should be used **only** where brand name products have been found superior to others for the purpose intended, or when their composition is secret, unknown, or patented. The use of brand names establishes a quality standard but is not intended to limit or eliminate competition. Whenever this method of establishing specifications is used, the specifications should specifically provide for bidding of competitive or equal grades. It is incumbent on a vendor who bids/quotes on goods of supposed equal quality to those specified to document that the goods or services that he is bidding are, in fact, of equal quality.
7. Specification by Chemical Analysis or Physical Properties. Specifications that include the chemical analysis or physical properties of the goods requested clearly place responsibility on the supplier to provide exactly those items

requested. Again, care must be taken in preparing specifications using this method to ensure that competition remains a part of the bidding process. If the specifications are drawn too narrowly and only one bidder is qualified to meet the technical specifications the cost of obtaining these items may be higher than necessary due to the lack of competition.

Section 2-8 Bidding Procedures

The following procedures must be adhered to in relation to all formal bids/quotes:

1. All public notices and invitations to bid/quote must state the time and place for opening.
2. All bids/quotes must be submitted sealed to the City official designated in the invitation to bid/quote and identified as a "bid" on the envelope.
3. All sealed bids must be opened in public in the presence of one or more witnesses at the time and place stated in the public notice.
4. A tabulation of all bids received as well as each bid must be made available in City Hall for public inspection.
5. The City Administrator has the authority to reject any and all bids or any part of any bid and may readvertise or resolicit bids whenever he deems it to be in the best interest of the City. Invitations to bid will state this policy.
6. A written request for the withdrawal of a bid, or any part thereof, will be granted if the contact person for the bid submission receives the request prior to the specified time bids are due.
7. Bids, amendments to bids, or requests for withdrawal of bids received after the specified time of the bid opening shall not be considered.

Section 2-9 Request for Bid (RFB)/Request for Proposal (RFP)

A legal notice inviting bids and/or proposals, shall be published in at least one local newspaper for at least one day. The legal notice must appear a minimum of ten (10) business days preceding the deadline for the receipt of bids or proposals. In addition, formal bids will be advertised on the City's website for at least ten (10) business days prior to bid opening.

In order to be accepted bids and/or proposals must be received by the requesting department prior to the specified deadline. After the bids are opened in public, the Department Head will review them. Request for proposals are not required to be publicly opened but should not be opened before the specified deadline. Telephone, fax, or email submission of formal bids is strictly prohibited unless otherwise specified in this manual. The Department Head will prepare a

written tabulation of all bids and draft a memorandum to the City Administrator and Purchasing Coordinator that will include the department head's recommendation for the bid award.

If required and as specified in the RFB, a bid security in the form of a certified check, a bank draft made payable to the City of Washington, or a bid bond for a specified amount shall accompany each and every bid/proposal accepted and read. A performance bond, if required, is submitted after the award of the contract and may be in any of the forms identified for the bid security.

Per the Freedom of Information Act, vendors have the right to request bid information. This information is usually available within forty-eight (48) hours after the bid opening. If negotiation is to take place, which is common with submitted proposals, the City has the right to consider any information, which is essential to the negotiating process, as confidential until the negotiation is concluded or the project abandoned. This is due to the consideration that disclosure would possibly result in a higher cost being sustained by the City.

During inclement weather, the Purchasing Agent may extend a deadline for up to twenty-four (24) hours without rebidding. Bids or proposals received prior to the original deadline will remain sealed.

Where a change to a RFB or RFP has been made through an addendum, the requesting department reserves the right to extend a deadline to allow all bidders adequate time to respond. The new deadline will be clearly indicated in the addendum. Addendums should be issued no later than three (3) business days prior to bid closing.

Section 2-10 Determining the Lowest Responsible and Responsive Bidder

All contracts based on RFB shall be awarded to the lowest and best responsive, responsible bidder. It is the responsibility of the Department Head and/or the Purchasing Agent to review and investigate all bids received and to make a report to the City Council regarding the lowest responsible and responsive bidder for the entire contract or for any part thereof. The City reserves the right to waive minor informalities in determining the lowest responsible and responsive bidder.

In determining the lowest responsible and responsive bidder, the City will consider the following:

1. conformity to the specifications contained in the invitation to bid. Prior experience with the vendor may be used to determine the capability to do the work. (Note: When a hired vendor is not responsible, it should be documented by the department with a copy forwarded to the City Clerk, Purchasing Agent, and Purchasing Coordinator)

2. compliance to the specifications, Terms and Conditions and instructions established for a particular RFB/RFQ
3. the ability, capacity and skill of the bidder to perform the work or provide the services required
4. the character, integrity, reputation and experience of the bidder
5. whether the bidder can perform the contract to provide the services promptly or within required time periods without delay or interference
6. the quality and satisfaction of any previous work or services performed for the City
7. the financial resources available to promptly provide the insurance and bond requirements, if applicable
8. the number and scope of any conditions or exceptions included in the bid or quote
9. the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service
10. the quality, availability and adaptability of the supplies or services
11. the ability of the bidder to provide future maintenance and service for the use of the subject of the contract
12. consideration of green factors, and American made and/or recycled products

Section 2-11 Unreasonable or Unacceptable Bids

When bids are received that are unreasonable or unacceptable as to the terms and conditions, noncompetitive, or the low bid exceeds available funds and it is determined in writing by the Purchasing Agent that time or other circumstances will not permit the delay required to again solicit competitive bids, a contract may be negotiated pursuant to the policy. In such a circumstance, the City Administrator shall have the discretion to discuss modifications with the bidders that would bring the price down to the level of available funds or to determine unilaterally what such modifications should be, provided that, if modifications are made, each responsible and responsive bidder who submitted an initial bid under the original solicitation is notified of the determination and is given opportunity to modify their bid and submit a best and final bid. If no modifications are made, or in cases where the best and final bids received are noncompetitive or the low bid still exceeds available funds, the City Administrator may negotiate with the lowest responsive and responsible bidder to secure the best price possible, which shall in all cases be lower than the lowest rejected bid of any responsible and responsive bidder under the original

solicitation. After negotiation, the proposed bid must still be submitted to City Council for approval if bid amount is greater than \$10,000.

Section 2-12 Delivery and Performance

A purchase order and contract that is complete in all respects and is accepted by the parties concerned still must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions must clearly define the delivery and performance requirements of the services, supplies, or equipment.

The importance of the delivery schedule should be emphasized to the vendor. Delivery requirements must be clearly written and fully understood by all contract participants. If several items are required by the contract, there may be a different delivery schedule for each item. The delivery schedule will normally be shown in calendar days from a specific date or transaction, such as receipt of order by the vendor. It is also important that you clearly show the place for delivery and the receiving time schedule at the delivery points. If the delivery is to be to a second floor office only, for instance, that should be noted as well. If there are liquidated damages for non-delivery or late delivery, call these terms to the attention of the vendor and stress their importance. All parties should know where the material will be accepted, either at origin or destination point (FOB). The FOB location is where title to the supplies passes from the vendor to the City. Generally, the FOB location will be City Hall, public safety building, library, public works building, waste water treatment plant, the park building or job site but in some cases vendors do not ship or deliver.

1. Follow-up and Expediting. Follow-up normally is the monitoring of the delivery schedules to assure compliance. Expediting involves an attempt to improve or reduce the contractually stipulated delivery time for various reasons, and the vendor is not legally obligated to comply.

The primary objectives of the follow-up function are:

- To assure full compliance by the vendor
- To develop documentation for future evaluation of the vendor's performance.

The early identification of possible delivery delays will provide the City with a greater opportunity for resolving the problem and for developing satisfactory alternatives.

The initial follow-up action would be to reaffirm the delivery schedule and to establish a proper liaison with the seller's representative. If delivery problems do develop, the following techniques may be used to help solve them:

- Contact the sales person for assistance.
- Initiate phone calls, letters or emails to the supplier/manufacturer.
- Escalate the concern to management levels with the vendor, or manufacturer.
- Visit the vendor's business or plant, which may help solve the problem and will help in verifying any reasons for the delay.
- Cancel the contract for nonperformance.

2. Delinquent Deliveries. When follow-up efforts have failed, and deliveries have become delinquent, one of two actions must be taken:

- Authorize additional time for delivery, or
- Cancel and order from another source.

In considering the decision about which of these actions should be taken, several factors must be considered:

- Needs and requirements of the City,
- Agreements with the vendors,
- Availability of the items from other sources, and
- The time required for delivery if reordered from another source.

In all cases, the reasons for delinquent deliveries should be documented. This information may be needed in evaluating future bids submitted by that vendor.

3. Partial Deliveries and Payments. Some Purchase Orders may list several items. In this event, it may be possible for the vendor to complete timely delivery on some of the items, which would be referred to as "partial delivery" on the complete bid. If these items can be used separately, partial payments can and should be authorized. Partial payments would also be allowed for a phased delivery schedule. However, if the separate items are part of a system, then partial deliveries would be of little value to the City. In this case, partial payments should not be authorized.

When appropriate, partial payments and/or partial units can be authorized for payment on a Partial Pay Request form (Appendix I). The completed form must be approved by the Department Head or his or her designee. This form along with any other backup documentation (invoice, etc.) should be scanned into the accounting system for partial payment against the purchase order. Normal purchasing procedures and requirements apply per Section 2-3.

Exceptions to this would be special circumstances where a down payment is required or in construction type projects that are paid by the percentage of work completed.

4. Substitutions. To meet the contractual delivery schedule, it may be appropriate in some situations to consider substitute items. The specifications should cover this eventuality and would govern the legality of the transaction. However, substitutions may be necessary, regardless of the specifications, if it is necessary for the City to have the material by a specified date. Other reasons for substitution may be design changes, raw material shortages, and health and safety priorities.

Whenever substitutions are necessary, due to shortcomings of the vendor, it is the responsibility of the originating department to seek and obtain an adjustment for lower prices on the substituted items. Authorized substitutions should be documented in the bid file and/or the consolidated bid sheet, on the purchase order and on the fixed asset record, if applicable. This action will serve to discourage future substitutions by the same vendor. In addition, this action will serve notice to the other bidders that no favoritism was shown and that compliance with specifications is expected from all vendors. If the renegotiated amount causes the project to be over budget, then City Council approval is required. If substitutions are negotiated and are within the budgeted amount, the purchase order will need to be adjusted by the Finance Department. Department heads should attach appropriate backup documentation and submit the change order to the Accounts Payable Clerk for processing after obtaining all necessary signatures for approval.

5. Deposits and Performance Bonds. A bid deposit or bid bond may be required for certain large sum purchases to protect the City in the event that the low bidder attempts to withdraw his bid or to serve as a barrier to financially irresponsible bidders. The bid deposit, which may be in the form of a certified check or a bank draft made payable to the City of Washington, represents what the bidder agrees to forfeit to the City as liquidated damages in the event of failure to sign a contract or to provide a satisfactory performance bond, if required.

A performance bond is required by state law when the City enters into a construction contract and may be required in other contracts involving phased work and phased payment schedules, when in the opinion of the department head or the City Administrator, finding another contractor to complete the work would financially damage the City. These bonds are in the form of certified check or a third party guarantee. The City accepts performance bonds from firms licensed by the State of Missouri and that have an "AA" rating from an appropriate rating service.

6. Non-performance. Should the vendor fail to meet any requirement of the specifications, the vendor can be cited for nonperformance. The seriousness of nonperformance must be evaluated based on the circumstances surrounding each violation. However, there should always be some recourse to the City when a vendor fails to perform in accordance with

the terms and conditions of the contract.

Recourse would include:

- A. The City may exercise its right under a liquidated damages clause or under the terms of a performance bond.
- B. The City may obtain the needed items from another source and charge the delinquent vendor the excess difference in cost. However, obtaining the delinquent items from another source is not always an acceptable solution, since additional delivery time may be required. A revised delivery schedule with the vendor may be the best remedy.
- C. the City may terminate the contract for default if it is in the best interest of the City, if the items can be obtained under more favorable conditions from other sources.

When a vendor does not perform at the expected and acceptable level, the Purchasing Agent and Purchasing Coordinator must be notified, preferably in writing. Evaluation of vendor performance is critical to the ongoing procurement process and those vendors with whom the City has problems, depending on circumstances, may not be asked for further bids or quotes and removed from the vendor bid list.

- 7. Invoice pricing. The department head must make sure that the invoices paid equal the bid or quote amount.

Exceptions to this would be if the quote or bid did not include shipping and it was noted on the vendor's quote or bid. Or if there was a change order done the amount paid would be different than the quote or bid.

If the amounts don't equal it is the responsibility of the department head to call the vendor and work out the discrepancy.

Section 2-13 Inspection and Testing

Human lives as well as the success of expensive projects may depend upon how well the purchased items meet the design and performance specifications. Supplies and materials should be checked at the time of receipt to detect any shortage, damage or defect. Inspection also includes assuring that the material complies with the specifications. A variety of tests may be conducted to determine if the merchandise meets specifications. Certain forms of inspection and testing will only be conducted on a percentage of the items, as the procedure followed may make the items unusable. Inspecting or testing every item received is neither economical nor practical. Inspection and testing may be performed at origin or destination. These tests are classified as sampling, chemical/lab, functional, and endurance tests. In some cases, a certification of compliance will be accepted. All requirements for inspection and testing must be clearly stated

in the specifications. Both inspection and testing are costly but the benefits far outweigh the expense when defects can be detected before they cause loss of life, injury or equipment failure. Inspection, testing, and acceptance are conclusive, except for latent defects or fraud.

- A. Reports, Rejection and Return Authorization. Whenever an inspection is performed, all reports to properly support claims or actions must be thoroughly documented. Sufficient time should be scheduled to allow for an inspection immediately upon arrival of the supplies, taking into consideration required tests as necessary. Supplies should be inspected for damage, quantity, quality, and for all other requirements listed in the specifications. The receiving copy of the purchase order with the inspection report, if any, will normally be used to substantiate payment for the goods and verification of receipt. In the event of rejection, for whatever purpose, certain steps must be taken to inform the vendor and to protect the rights of the vendor as well as of the City. Reasons for rejection must be documented and the reasons should reference specific requirements of the contract.

- B. Damage during Shipment. One major reason for inspection at the time of receipt is to detect any visible damage. It is important that all damage be completely described on the receiving report. Any evidence of concealed damage should also be noted at this time. This notification is necessary to support the filing of damage claims against a carrier. The carrier should be notified immediately, and a joint inspection should be scheduled with the representatives of the carrier. When it is apparent that the extent of the damage renders the goods worthless, they should not be accepted. If the shipment is FOB Washington, the vendor is responsible for assisting with the settlement of the claim and for full replacement of the damaged items. Payment will be withheld until the claims are settled.

If specific liability for a defect cannot be determined between the carrier, the vendor, or the manufacturer, the City may have to file a claim against all parties, seeking their cooperation in resolving the situation. The situation should be clearly documented and referred to the City Administrator for possible referral to the City Attorney.

- C. Latent Defects. Latent defects may be the result of damages in transit or of failure of the manufacturer to conform to specifications. Consequently, it is sometimes very difficult to fix responsibility for the defective material. If the carrier is suspected to be the one at fault, then the carrier's representative should be invited to come in for a joint inspection. Subsequently, a claim describing the situation should be filed with the respective carrier.

A similar procedure should be followed if the vendor or manufacturer is suspected to be at fault. Specifying the destination at which the City accepts delivery of shipments (FOB destination) is important because

the vendors are responsible for rectifying the situation or for correcting the defect. If specific liability for the defect cannot be determined between the carrier, the vendor, or the manufacturer, the City may have to file a claim against all parties, seeking their cooperation in resolving the situation.

- D. Retainage. Retainage will be withheld from construction payments per the respective agreement with the vendor. Typically City policy will be to withhold 10% retainage. A smaller percentage may be used if required by a vendor or funding source and the City agrees to this in the agreement. Certain agencies may have their own retainage policies, such as the Missouri Department of Transportation.

Release of retainage will be made once substantial completion is obtained and City staff have inspected and approved release pending compliance with the contract. If the final pay request is going to be paid, final retainage will be released pending City Council approval.

Section 2-14 Legal and Contractual Remedies

Right to Protest

Any actual or prospective bidder or contractor who is aggrieved in connection with the solicitation or award of a contract may protest to the City Administrator. The protest must be submitted in writing within 14 days after such aggrieved person knows or should have known the facts giving rise to the protest.

Authority to Resolve Protest

The City Administrator has the authority, prior to the commencement of an action in court concerning the controversy, to settle and resolve a protest arising out of these regulations. This authority is limited to settlement within the scope of the solicitation and the City's procurement regulations.

Decision

If the protest is not resolved by mutual agreement, the City Administrator will promptly issue a decision in writing. The decision will state the reasons for the action taken and inform the protestant of its right to review by the City Council. A copy of the decision will be mailed or otherwise furnished immediately to the protestant.

Finality

A decision by the City Administrator is final and conclusive unless the protestant submits a written appeal to City Council within three (3) working days of the receipt of the City Administrator's decision.

Stay of Procurement During Protests

In the event of a timely protest, the City will not proceed further with the solicitation of or the award of a contract until the City Administrator makes a written determination that the award of the contract without delay is necessary to protect substantial interests of the city.

Debarment of Suppliers

The City Administrator has the authority, after conferring with the City Attorney, to debar suppliers from receiving any business from the City for a stated period of time, not to exceed three (3) years. The causes for debarment include:

- a. Conviction for commission of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract;
- b. Conviction under state or federal statutes of embezzlement, theft, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty that seriously and directly affects responsibility as a city contractor;
- c. Conviction under state or federal antitrust statutes arising out of the submission of bids or proposals;
- d. Deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in a contract;
- e. A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts; provided that said failure to perform was caused by acts beyond the control of the contractor;
- f. Any other cause the City Administrator determines is so serious and compelling as to affect responsibility as a city contractor, including debarment by another governmental agency for any cause listed in regulations.
- g. A decision by the City Administrator to debar shall be final and conclusive, unless the debarred person submits a written appeal to the City Council within three (3) working days of the receipt of the City Administrator's decision.

Section 2-15 Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and a useful life of 2 or more years. Infrastructure assets are reported with an initial, individual cost of \$25,000 or more. These items are required to be recorded as a capital asset of the City. At the time of final payment, a Fixed Asset Record (Appendix J) must be completed and sent to the Finance Department. In addition, if a capital asset is traded in, sold, auctioned or otherwise disposed of, this should be documented on the Capital Asset Form which will remove the asset from the City's asset list.

Capital Assets are defined as:

- Land
- Construction in progress
- Buildings and Building Improvements
- Improvements other than buildings
- Infrastructure (streets, water & sewer lines, sidewalks, curbs & gutters, alleys, right of ways, easements, street lights, traffic lights)
- Machinery & Equipment (including vehicles and furniture and fixtures)

Section 2-16 Disposal of Surplus Goods

Supplies become obsolete or they wear out. Occasionally, they are overstocked. Changing technology, accumulation of waste, and fulfillment of the useful life of supplies make the activity of handling surplus inevitable. The City is interested in full realization of the value of supplies it purchases or receives as a gift. The City wishes to ensure surplus is disposed of to the economic advantage of the City.

Department Heads are required to submit to the Purchasing Coordinator semi-annual reports of surplus property with recommendation for disposal. The list will be circulated to all Department Heads. Upon request, items may be transferred to another department subject to approval of the City Administrator. Departments who wish to have an item on these lists will put a request in writing to the Purchasing Coordinator. The Purchasing Coordinator will forward all requests and disposal lists to the City Administrator for approval. Departments are to consider the trade-in values of equipment and vehicles during prior year budget planning. Generally, the trade-in value of property is the most cost effective method of disposal or sale.

Surplus property with an estimated value in excess of \$5,000 shall be sold by sealed competitive written bids, public auction or public surplus property websites to the best responsible bidder, after due notice. Items under \$5,000 estimated value will be made by the City Administrator who will establish a selling price, schedule, and method of disposal.

The City encourages cooperatively disposing of goods with other government entities which may strengthen the price received for surplus items. The disposal of all surplus goods requires the prior approval of the City Administrator as established by City Code Section 105.100.

The City of Washington will use the Public Surplus Auction Site to dispose of items no longer needed by the City of Washington. It is at the discretion of the department head to determine what will be sold and to receive prior approval from the City Administrator (per Ordinance #06-9956).

1. Public Surplus Site Guidelines:

- a. Department Heads will assign individuals from their department to manage the Public Surplus site for their department. If you need to setup a person, please contact the coordinator of the site. A user name and password will be setup for you.
- b. Anyone can purchase from the Public Surplus Auction site, including employees and council members.
- c. Any items sold with the exception of vehicles will be charged sales tax. If an individual claims they are tax exempt, they must provide the appropriate paperwork before you can mark them as exempt on the Public Surplus site. The Public Surplus site will need to be updated as City sales tax rate changes (The site coordinator will keep the sales tax updated on the Public Surplus site). All tax exempt documentation and any other backup must be sent to the Finance Department.
- d. All payments must go thru the Public Surplus site.
- e. The Public Surplus Site has been setup to make direct payments into the City's bank account.
- f. It will be the responsibility of the department selling the items to do the following:
 - Enter the item into the Public Surplus Auction Site (City of Washington will not be responsible for packaging products or shipping)
 - Answer any questions from individuals
 - Once the bid has ended: Verify payment has been made and print a receipt and work with purchaser for pickup times.
 - Send all appropriate backup paperwork to the Finance Department (ex: auction paid receipt, copy of title – if applicable, sales tax info, etc.)
 - Before coding the paid receipt you must subtract (1%) from the final bid. The 1% is the fee the Public Surplus site charges the seller as a fee.
 - Code the paid receipt with the appropriate account codes and send to the Finance Department.
 - The Finance Department will reconcile each paid receipt to the monthly direct deposit amount received by Public

Surplus. They will also enter the receipts into the computer system.

Please remember it is the department's responsibility to follow through with the item being sold from beginning to end. Make sure payment has been received before the item is picked up and send all paperwork to the Finance Department so that your department can be credited with the funds.

Section 2-17 Purchase of Construction Services and Materials

Tax Exemption. It is the policy of the City to take advantage of its tax-exempt status by authorizing contractors to purchase construction materials for City projects utilizing the City's tax exemption. Bid specifications shall include clear instructions regarding the manner in which the City will authorize vendors to purchase construction materials.

All requests for a project exemption certificate should be forwarded to the Finance Manager for completion.

Prevailing Wage. It is the policy of the State of Missouri that all contracts for construction projects undertaken by political subdivisions of the State require that all tradespersons employed by contractors and subcontractors for works constructed for public use or benefit on public property be paid the prevailing wage for that trade, as determined by the Missouri Department of Labor. All Invitations to Bid on construction projects must include this requirement.

Immigration Law Requirement. According to Missouri State Statute 285.530, there are several new requirements for employers and city governments relating to "unauthorized aliens". Specifically, when awarding a contract in excess of \$5,000 the City must make it a condition of the award that the successful bidder shall swear in an affidavit that:

- It is enrolled in a federal work authorization program with respect to the employees working in connection with the contracted services and
- It does not knowingly employ any person who is an unauthorized alien in connection with the contracted services.

In order to comply with the statute, all departments should now add the above two conditions to their bidding documents. Failure to comply with this requirement shall result in disqualification of the vendor's bid.

Chapter 3

CREDIT CARD/PURCHASING CARD POLICY

Section 3-1 Overview

City credit cards have been issued to expedite the purchase of items from vendors saving staff time, decreasing paperwork, and reducing the percentage of checks drafted and mailed. Any City issued credit cards that earn points, cash back or contain any kickback privileges for utilization are for City utilization only and no personal gain will result from the use of a City credit card. The Human Resource Manager is responsible for issuing credit cards to authorized City staff and for overall management of the program. The success of the program **requires** the cardholder's adherence to established guidelines as presented in this manual.

Section 3-2 Credit Card Use

Below are basic policies regarding the use of the card:

- The card is issued in the employee's name and is to be used for business expenditures only; it may not be used by anyone else without advance permission from the cardholder. Each employee must sign a Credit Card Acceptance Letter (Appendix K) before receiving the credit card.
- The card can be used to make purchases only within the parameters established by the City's purchasing policy.
- Each transaction must adhere to the cardholder's purchase limit. A purchase split into two or more credit card transactions to circumvent the City's purchasing policy is not allowed. Such activity constitutes improper use of the card.
- Despite the City's responsibility to remit payment to the bank, cardholders will be responsible for security of the card and any transaction made against the card. If there is a dispute about a transaction, the cardholder should first try to resolve it with the supplier. If this is unsuccessful, cardholders should contact the Human Resource Manager.
- Cardholders agree to surrender and cease use of the card upon termination of employment. The cardholder is responsible for ensuring the card is returned. All cards will immediately be forwarded to the Human Resource Manager for cancellation.

In the event a card is lost or stolen, immediately contact the credit card vendor using the phone number on the back of the card and the Human Resource Office.

Section 3-3 Purchasing Card Use

Below are basic policies regarding the use of the card:

- The card is issued in the employee's name and is to be used for business expenditures only; it may not be used by anyone else. Each employee must sign a Credit Card Acceptance Letter (Appendix K) before receiving the purchasing credit card.
- The card can be used to make purchases only within the parameters established by the City's purchasing policy.
- Each transaction must adhere to the cardholder's purchase limit. A purchase split into two or more credit card transactions to circumvent the City's purchasing policy is not allowed. Such activity constitutes improper use of the card.
- Despite the City's responsibility to remit payment to the bank, cardholders will be responsible for security of the card and any transaction made against the card. If there is a dispute about a transaction, the cardholder should first try to resolve it with the supplier. If this is unsuccessful, cardholders should contact the Finance Manager.
- Cardholders agree to surrender and cease use of the card upon termination of employment. The cardholder is responsible for ensuring the card is returned. All cards will immediately be forwarded to the Finance Manager for cancellation.

In the event a card is lost or stolen, immediately contact your department head or Finance Manager who will cancel the card immediately.

Section 3-4 Purchase Types

The following types of purchases are allowed using a credit or purchasing card:

- In Person
- Telephone
- Fax Orders
- Mail Orders
- Internet Orders

Employees must maintain the appropriate documentation confirming the date, amount, supplier, and other data required for the Credit Card purchase.

It is the responsibility of the cardholder to make every effort to ensure that sales tax is not charged on any purchases by providing the City's tax exempt status per

the Purchasing Policy. Accounts Payable **will not** be able to make any sales tax adjustments in payment processing. The City does recognize that sometimes it isn't feasible to provide a tax exempt letter and in these cases sales tax will be incurred. For example, some online purchases don't have a place for tax exempt. In most cases the total purchase amount including sales tax will be cheaper than paying in person, etc.

Under no circumstances may the card be used for the following, unless approved by the City Administrator:

- Alcoholic Beverages (unless approved by the City Administrator or other designated City official in the conduct of business)
- Capital Purchases, Construction, Renovation, Installation
- Personal Purchases
- Cash Advances
- Weapons and Ammunition (except for Police Department)

Any employee found to be using the credit card for these items may be subject to disciplinary action up to and including termination.

Section 3-5 Purchase Limits

Each card has a preset spending limit. The Finance Manager is responsible for establishing the purchase limits.

Section 3-6 Records

To facilitate reconciliation and approval of the monthly statements, it is mandatory that cardholders obtain and retain supplier documentation for purchases. Examples of acceptable documentation are:

- Invoice
- Original receipt with **itemized** description of products purchases
- Internet order confirmation with pricing shown.

Section 3-7 Account Reconciliation

City Credit Cards--Once a month, the credit card vendor will send statements to the Finance Department. These statements summarize charges billed during the month or billing cycle and will contain the date, supplier name, and the amount charged.

The Accounts Payable Clerk will match up documentation received from various departments for these monthly charges. If any unreconciled items are left after reconciliation, the Accounts Payable Clerk will forward the credit card bill to the cardholder requesting backup documentation for these purchases. All exceptions

should be followed up with credit card vendor immediately.

It is imperative that all receipts be submitted to Accounts Payable within 5 business days after the purchase to ensure costs are charged to the correct accounts. The City statements must be paid on time to avoid late fees and finance charges which could be imposed by the credit card vendor. Any late fees and finance charges incurred will be charged to the responsible department. Repeated failure to submit the required documentation in a timely manner may result in disciplinary action including termination of employment.

Purchasing Cards—Purchasing cards differ from City issued credit cards in that activity on each card can be monitored daily. Department heads will be responsible for daily monitoring and ensuring receipts are timely uploaded or turned in to Accounts Payable Clerk for processing according to the time frame listed below.

The Accounts Payable Clerk will verify documentation received from various departments for these charges. If any unreconciled items are left after reconciliation, the Accounts Payable Clerk will forward the discrepancies to the department head requesting backup documentation for these purchases. All exceptions should be followed up with the department head immediately.

It is imperative that all receipts be uploaded into the purchasing card program or be submitted to Accounts Payable within 10 business days after the purchase to ensure costs are charged to the correct accounts. Repeated failure to submit the required documentation in a timely manner may result in disciplinary action including termination of employment.

Section 3-8 Resolving Errors and Disputes

Errors with merchandise delivery or incorrect billing will occasionally arise with the credit card system such as the following:

- lost or misrouted items
- incorrect quantities
- defective products
- incorrect pricing
- billing for item(s) not received

The solution to these problems can be achieved by following the steps outlined below. When applicable, the Cardholder will receive the appropriate credit amount applied to their credit card account. All disputed amounts should be reported to the Purchasing Coordinator immediately.

Section 3-9 Lost or Misrouted Items

If a sufficient amount of time has elapsed and the Cardholder has not received an item, the following steps should be taken:

1. Contact the supplier and inquire when the item was delivered and to what location.
2. Verify that the item was not received at that location.
3. If no record of receipt of the item is found, the Cardholder must call the supplier and request proof of delivery.
4. If the supplier cannot supply this documentation, the supplier should arrange to deliver the item or issue a credit for the transaction.
5. If no satisfactory resolution can be reached, contact the Human Resource Manager and Purchasing Coordinator immediately.

Section 3-10 Incorrect Quantity or Defective Product

Employees should always check any incoming material as soon as it is received to ensure that the product matches the item ordered in quantity and quality. If any discrepancies are noted, the following steps should be taken.

1. Contact the supplier and attempt to resolve the issue over the phone.
2. If no settlement can be reached, call the phone number listed on the back of the credit card, completes the necessary documentation, and sends the information to the credit card vendor.

The credit card vendor pledges to resolve all disputes as soon as possible; usually within 90 days. It may be necessary to reorder items in the interim. If this is necessary, the credit card vendor must be notified so that the proper credit is received. If material must be returned to the supplier, it should be shipped through an identifiable source.

Section 3-11 Credit Card Statement Discrepancies

If discrepancies are noted on the monthly statement (for quantity, price, duplicate billing, no credits from prior transactions, billing for items not received, etc.), the following steps should be taken:

1. Cardholders should contact the supplier to reconcile the difference. Records should be kept of all telephone calls to the supplier.

2. If the supplier does not agree that an error has been made, the Cardholder should contact the credit card vendor using the phone number on the back of the credit card and state that they would like to dispute a charge on their Card. Complete the Cardholder Dispute Form and either fax or mail the form to the credit card vendor. Send a copy of this form to the Purchasing

Purchasing Coordinator immediately. Cardholders are responsible for the transactions identified on each statement. During this dispute resolution process, the Cardholder must be able to produce receipts and/or proof that the transaction occurred. If an error is discovered, the Cardholder is responsible to show that the error or dispute resolution process has begun.

Section 3-12 Returns

If a return is necessary for an item purchased using a credit card or purchasing card, the following steps should be taken:

1. Prepare the necessary documentation for all returns of merchandise purchased on the credit card.
2. Notify the supplier that a return is being initiated and request that a credit be issued on the card.
3. Keep a copy of the shipping ticket or other documentation to verify credit is issued by vendor and correct amount appears on the monthly billing statement.
4. Send a copy of the return documentation to the Accounts Payable Clerk.

Section 3-13 Accounts Payable Review

All credit card statements and receipts will be reviewed by Accounts Payable to ensure that credit card procedures are properly practiced. Failure to follow the proper procedures may result in revocation of card privileges or other appropriate disciplinary action including possible termination of employment.

The primary purpose of this review is to ensure the proper expenditure of funds under this program. A secondary purpose is to track data on how, where, and for what purpose the cards are used. This is an employee empowerment program based on cardholder commitment and trust. Failure to follow all procedures outlined in this manual will result in revocation of card.

Section 3-14 Credit Card & Purchasing Card Authorizations

In order to have solid internal controls, every card purchase should contain the following signatures of approval. Approval may be written or electronic.

- Signature of the person placing the order.
- Signature of the responsible Department Head.
- Signature of the Cardholder.
- Signature of the Purchasing Coordinator or the Purchasing Agent.
- Any additional signatures per the Purchasing Policy above.

Chapter 4 TRAVEL POLICY

Section 4-1 Overview

The City's goals are to allow travel arrangements that conserve public funds, provide equitable treatment of all personnel, and allow travel in a manner that is dignified. City employees may be reimbursed for travel and related expenses, as outlined below, while carrying out official duties or attending professional conferences and training courses which benefit the City. These regulations are applicable for all travel expenses incurred on behalf of the City. Where these regulations do not adequately cover a travel situation, the City Administrator may authorize exceptions.

No personal expenses will be reimbursed by the City. There is no objection to a spouse, other family member, or significant other traveling on an official trip, but **no expenses** directly attributable to them will be reimbursed or paid directly by the City, unless previously authorized by the City Administrator.

Section 4-2 Policy

All employees authorized to attend a conference, seminar, or other event pertaining to City business, shall be reimbursed for actual transportation fare to and from the travel destination from City Hall, actual room cost for overnight lodging, taxi fares, tips and other travel related expenses upon presentation of proper documentation and itemized receipts.

When necessary, one day prior and one day following a meeting or conference shall be allowed for travel to and from an approved meeting or conference. Scheduled returns shall be made on the day the conference or meeting ends unless it ends late in the evening. In that event, the following day may be allowed for travel. In some cases, it may be cheaper to fly the next day as well. Good judgment should be used in these cases and either the Purchasing Agent or Coordinator should be consulted.

Employees should not drive to meetings and conferences when travel time to the destination requires more than one day unless prior approval is received from the City Administrator. The use of a train, plane, or bus is recommended.

When an employee chooses to extend travel time to and from an approved site, any excess time shall be considered vacation and any expenses will be considered personal, and shall be paid by employee.

All overnight travel must be authorized in advance by the employee's Department Head and the City Administrator, and then submitted to the Finance Department. Detailed documentation on the event/conference being attended must be submitted. This includes a detailed itinerary when possible. In addition, a Travel Request and Expense Report (Appendix M) must be completed and approved prior to any travel. Travel requests shall be submitted one week or more prior to

the travel date, whenever possible. The form must be updated and receipts provided upon completion of travel, prior to any reimbursement. This form should still be completed even if a City credit card or purchasing card was used for travel expenses. Each individual department may have additional restrictions beyond those noted in this policy.

Section 4-3 Travel Advance

The Purchasing Coordinator may authorize cash advances in particular instances when the projected expenses to be incurred by the traveling employee or official would pose a financial burden. A Travel Advance Request (Appendix N) should be completed by the employee and approved by the Department Head. The travel advance request should be submitted to the Purchasing Coordinator at least 2 weeks in advance of travel. If the Purchasing Coordinator authorizes the advance, all documentation for actual expenses incurred and the balance of the advance remaining shall be submitted to the Purchasing Coordinator within 5 days after return. If employee cannot provide adequate receipts, the employee will be liable for the amount of the cash advance that cannot be substantiated. Any eligible reimbursable expenses incurred over the amount of the cash advance will be reimbursed to the employee once all documentation is provided to the Finance Department for reimbursement.

Section 4-4 Travel Authorization Procedure

For all City related travel, employees should adhere to the following process:

- No expenditures should be made until proper authorization is received from all necessary parties.
- A Travel Request and Expense Report (top portion of form) should be completed by the employee showing estimated costs associated with travel. Department Head authorization is required on all travel requests. In addition, the City Administrator's authorization is required for all overnight travel trips where the employee must travel a distance of fifty (50) miles or more, or for in town travel where the employee anticipates an expenditure of \$500 or more, including registration costs and/or expenses. Travel distance is calculated as the distance from City Hall to the event round trip. MapQuest or another online direction app can be used to substantiate the mileage. Mileage during the conference for travel to different business locations will be reimbursed if documentation is provided.
- If a travel advance was requested, this amount should be recorded on the Travel Request and Expense Report.
- Once approval has been provided by the Department Head and City Administrator, a copy of the travel request report should be sent to the Accounts Payable Clerk in the Finance department. The employee needs

to put all expenses for their travel on their completed Travel Request and Expense Report (i.e. paying a registration fee).

- While traveling, all employees should adhere to this policy. In addition, employees should retain all receipts for expenditures.
- Upon return, the employee should complete the remainder of the Travel Request and Expense Report using actual expenditures incurred and obtain approval from the Department Head. The form will then be forwarded along with all necessary receipts to the Accounts Payable Clerk for processing within five (5) days of the employees return. In addition to the Department Head's signature, the request must be approved by both the Finance Manager and City Administrator.

Section 4-5 Reimbursable Expenses

When traveling for City business, all efforts shall be made to keep travel expenses to a minimum. City provided vehicles should always be utilized when possible in lieu of individual reimbursement for mileage. The following expenses for approved travel shall be reimbursed when accompanied by receipts or other documentation as required and appropriate:

1. Direct travel including air, bus, train, and taxi fares.
 - All travel via airplane should be in the Coach or Economy class;
 - All rental cars should be standard size unless there is a need to carry multiple passengers. Prior approval from the City Administrator is required in order to rent a vehicle. Rental cars will be approved only when specifically required for City business. When a rental car is utilized, it will be necessary that the insurance be purchased from the rental agency.
 - Tips incurred as a part of travel, i.e. for taxis, baggage handlers, etc., will be reimbursed, however, are expected to be kept at a reasonable amount.
2. Direct travel by personal vehicle will be reimbursed at the IRS established rate. Every reasonable effort should be made to car pool to conserve public funds. When 2 or more people travel in the same private vehicle, reimbursement will be paid to the owner of the vehicle. Mileage reimbursement will be based on the actual number of miles driven while traveling on City business. Receipts will be required for tolls and parking that exceed \$10.

Overnight lodging when travel extends beyond fifty (50) miles from City Hall.

- Hotels should be purchased at the conference rate or less whenever

possible. If no conference rate is available, employees are expected to keep hotel costs as reasonable as possible, including considering other lodging facilities. Employees shall request the government rate, all available discounts, and tax exemptions, where applicable.

- All hotel rooms should be standard rooms (i.e. no suites unless no difference in price).

3. Meals and tips.

- Tips for meals should be reasonable considering the level of service provided and location of service. In most cases, the City will reimburse up to 20% for excellent service, and can be less when appropriate. Receipts for meals and associated tips are required. Exceptions to this must be approved by the Purchasing Coordinator.

4. Other reasonable and related expenses.

- Personal phone calls are permitted on a limited basis. These calls should only be to family members and/or to address pertinent issues at home. Calls should be kept as brief as possible. Personal cell phones should be used whenever possible.

Though expenses will vary depending on the nature and location of travel, it is expected that all reasonable efforts will be made to keep expenses at or below the US Government recommended daily per diem amount. The Finance Department will provide the US Government daily rate for any City to which an employee is traveling.

Section 4-6 Non-Reimbursable Expenses

The following travel expenses shall not be reimbursable:

1. Costs incurred by a spouse, other relative, or guest accompanying an employee, unless approved by City Administrator. For example, if an employee must upgrade from a single occupancy to a double occupancy hotel room to accommodate a family member, they are responsible for the difference in cost.
2. Non-conference related entertainment costs.
3. Personal expenditures such as laundry and cleaning, entertainment, or side trips not provided by the conference.
4. Purchase of alcoholic beverages, (unless approved by the City Administrator or other designated City official in the conduct of business).
5. Personal phone calls in excess of reasonable limits or length and upgraded internet service.
6. Costs for traffic violations and/or parking tickets received while traveling.

Section 4-7 Mileage Reimbursement

Whenever possible, employees should use a City provided vehicle for official City duties. If an employee utilizes a City vehicle for travel or a rental vehicle, there will be no mileage reimbursement; however, parking, tolls, and cost of gasoline are reimbursable at actual cost with vendor issued receipts.

If a City vehicle is not available or feasible and an employee is authorized by his/her Department Head to use a personal vehicle in the performance of official City duties for travel, the employee shall be compensated for actual cost of parking and tolls. In addition, mileage to/from the closer of City Hall or point of departure will be reimbursed. Employees are to use map mileage (MapQuest, Google Earth, etc.) to determine number of miles. Any mileage other than travel to/from conference must be documented and approved by City Administrator before reimbursement will be made. All mileage will be reimbursed at a rate established by the Internal Revenue Service (IRS). Mileage will be recorded on the Daily Mileage/Reimbursement Form (Appendix O). Mileage for conferences or seminars will go on the Travel Request and Expense Report.

All reimbursements related to daily travel expenses must be submitted along with all receipts and other backup documentation. Both employee and Department Head signatures are required before sending to the Accounts Payable department for processing.

Section 4-8 Specific Travel Policies

City Provided Vehicles

Employees authorized by the City Administrator may take City vehicles home as they can be called to conduct City business after hours and on weekends. Generally, this includes Department Heads who live within City limits or a reasonable distance from City limits. These employees are required to track and report their personal/commuting miles to the Human Resource Manager quarterly. These personal/commuting miles are considered taxable and are reported in the salary/wages of the respective employee. City vehicles are not to be used for vacations and any personal time.

Emergency Personnel

The Police Chief and Fire Chief utilize their City Vehicles at all times, unless they are on vacation, sick leave etc. As they qualify as an exception under IRS guidelines, no personal/commuting use is considered taxable.

In addition, the Deputy Fire Chief and Assistant Fire Chief are eligible to receive mileage reimbursement at the IRS rate for City business miles driven on their personal vehicles. The maximum amount they will be reimbursed is \$100 per month. A mileage log containing date, purpose and mileage must be turned into the Finance Department to be reimbursed.

Service Organizations

With regard to local service organizations, if the City pays either an annual membership fee or all meal expenses associated with meetings of such an organization, mileage expenses incurred in attending the meeting or events of any such organization shall **not** be reimbursed. In addition, employee attendance at special events will be paid or reimbursed by the City. Any guests of the employee are considered personal and will need to be paid by the employee.

Section 4-9 Travel Expense Reimbursement

Upon completion of authorized travel, an employee must submit all proper paperwork as described above including itemized receipts. Failure to provide adequate documentation of expenses may result in the withholding of reimbursement. Missing documentation requires Department Head, Finance Manager and City Administrator approval for reimbursement. All reconciling reports and receipts must be submitted for approval and reimbursement within five (5) business days after the employee returns to work. In addition, violations of this policy may result in disciplinary action and possible termination of employment.