	Title:			
	Purchasing Policy			
	Document #	Revision #	Effective Date	Approved Date
3.15	1.0	01/14/2019	01/14/2019	

Purpose:


Purchasing serves the citizens of Palestine by sourcing the best material or service of the optimal quality and price, exercising good stewardship, supporting quality service delivery across all city departments.

Policy:


The Purchasing procedures of the City of Palestine shall conform to the City Charter, City Code and State Law (see Texas Local Government Code Ann., Section 252.001, et. Seq). The City of Palestine shall utilize competitive bidding for the contracting of goods and services unless exempted by Local Government Code or through Inter-local agreement. The city of Palestine is an equal-opportunity agency.

Guidelines:


1. The City Manager establishes administrative procedures for approving and monitoring purchases; the Finance Department has responsibility for implementing and reporting purchasing activity.
2. Quotation Levels - purchases where the total purchase including shipping is:
 - a. Less than \$5,000 – no quotes required, but competitive pricing prior to Department Director approval is recommended.
 - b. Greater than \$5,000, less than \$25,000 – three written, faxed or published quotes required.
 - c. Greater than \$25,000 – subject to requirements of the competitive bid process (unless specifically exempted by State Statute). Contract awards will be approved by City Council.
3. Purchase Orders will be issued for requisitions over \$5,000 with purchase authorizations by appropriate levels.
 - a. Purchase orders may be issued in emergencies only with City Manager approval, with subsequent documentation of circumstances.
 - b. Purchase Orders are to be issued prior to purchase; exceptions made after a purchase must be documented and approved by the Finance Director.
4. Purchase Authorization Levels:
 - a. Less than \$1,000 - Department Director approval required on or attached to the invoice or receipt.
 - b. Greater than \$1,000 less than \$10,000 - Department Director and Finance Director approvals required.
 - c. Greater than \$10,000, less than \$25,000 - Department Director, Finance Director, and City Manager approvals required.
 - d. Greater than \$25,000 – Department Director, Finance Director, City Manager and City Council approval required.
5. Formal Bidding Process General Guidelines
 - a. Under Section 11.8 of the Charter of the City of Palestine, any bid involving an anticipated outlay in excess of one-tenth percent of the annual city budget shall follow formal bidding procedures.

	Title:			
	Purchasing Policy			
	Document #	Revision #	Effective Date	Approved Date
3.15	1.0	01/14/2019	01/14/2019	


- b. Any bid involving an expenditure of more than \$25,000 from one or more municipal funds, the municipality must comply with the procedure prescribed by this chapter for competitive sealed bidding or competitive sealed proposals. (Texas Local Government Code §252.021)
- c. Purchases may be made without bids if they are purchases through one of the following approved co-ops:
 - 1. Buy Board
 - 2. Texas Department of Information Resources (Texas DIR)
 - 3. Texas Cooperative Purchasing Network (TCPN)
 - 4. Houston Galveston Area Council Buy (HGACBuy)
 - 5. Choice Partners
- d. Bid selection will be made on the basis of “best value,” factoring delivery promptness, discounts, administrative costs, storage, handling and other costs, service and follow-up, availability of verifiable references, staff time requirement, ancillary costs to city, purchasing locally and other factors impacting overall cost and quality.
- 6. Bidding Exemptions – the following circumstances do not require 3 competitive bids:
 - a. Emergency
 - b. Inter-local Agreement
 - c. Pre-Defined
 - 1. Subscriptions
 - 2. Government Publications
 - 3. Claims
 - 4. Medical Payment
 - 5. Advertisements and Legal Notices
 - 6. Dues to Organizations
 - 7. Payments to other Governmental Units
 - 8. Utility Payments
 - 9. Travel Advances
 - 10. Reimbursement of travel and training expenditures
- 7. Council’s Authorization to Advertise
 - a. The Approval of the City budget shall act as authorization for staff to advertise and receive bids for budgeted items. Purchases not included in an approved budget must be authorized by council action.
- 8. Bidding Elements
 - a. Legal Notice
 - 1. A notice must be advertised in a local newspaper at least one week for two consecutive weeks. The date of the first publication must be before the 14th day prior to opening bids. The notice should contain the following information:
 - a. Bid Number
 - i. Description of the item(s)
 - ii. Closing date and time
 - iii. The location where bids will be received
 - iv. How specifications may be obtained

	Title:			
	Purchasing Policy			
	Document #	Revision #	Effective Date	Approved Date
3.15	1.0	01/14/2019	01/14/2019	


- v. Disclaimer statement
- b. The Bid List
 - i. A bid list is a list of vendors managed by purchasing that will receive a written request for a bid. A vendor may be removed from the bid list for the following reasons:
 - 1. Three Consecutive “no-bids”
 - 2. Two consecutive no response
 - 3. Refusal to honor bid after bid opening
 - 4. Refusal to honor an awarded contract or lease
 - 5. Poor performance on contract
 - 6. Collaboration between parties for the purpose of price fixing, product fixing and rigging of nay bidding situation
 - 7. If a vendor violates the integrity of the bidding process by lobbying a City Council Member regarding a pending bid award.
 - 2. Modification of Specifications
 - i. The specifications or opening date may be modified after the notice is advertised.
 - ii. If done, it is the responsibility of each vendor to check the City’s website for modifications.
 - iii. As a general rule, the opening date should be extended if a modification is made within seven days from the opening date.
 - 3. Pre-Bid Conference
 - i. A pre-bid conference may be conducted to ensure that the specifications are thoroughly understood by all bidders and that all potential problems are eliminated. When deemed appropriate, a modification can be done after the pre-bid conference.
 - 4. Receiving Bids
 - i. Bids will be received by the City Secretary.
 - ii. The time received shall be noted on the envelope and initialed.
 - 5. Opening Bids
 - i. Bids will be opened at a city council meeting where a majority of the council is present. The bids shall remain on file, open for inspection in the city purchasing office at least forty-eight (48) hours before the contract may be awarded.
 - ii. Bids received after the published deadline shall be unopened and returned to the vendor.
 - iii. Bids received, which are unmarked, shall be opened for identification purposes and resealed. The envelope shall be marked accordingly.
 - iv. A tabulation sheet will be prepared for all bids received. It will be made available to the public upon request.
- 9. Contractual purchases of materials and supplies, which are regularly needed for City operations will be awarded by the City Council for up to 12 months, when possible. These awards will be granted to the lowest responsible bidder or to the bidder who provides goods and services at the Best Value after a formal bidding process.

	Title:			
	Purchasing Policy			
	Document #	Revision #	Effective Date	Approved Date
3.15	1.0	01/14/2019	01/14/2019	

10. Purchase Order invoices will be attached to the Purchase Order by finance, purchase completed and monies unencumbered.
11. No employee, except the City Manager, has the authority to order \$5,000 or more directly from a vendor without obtaining a Purchase Order.
12. When the city is making an expenditure of more than \$3,000 and less than \$25,000 that is not competitively bid, Purchasing shall contract, for a quote at least two HUBs on a rotating basis, based on information provided by the Texas Building and Procurement Commission pursuant to Chapter 2161, Government Code. If that list does not identify a HUB in Anderson County, The city is exempt from this requirement. (Texas Local Government Code 252.0215)
13. Conflicts of Interest:
 - a. No elected official, agent, employee of the City, or other City official shall have a financial interest, directly or indirectly, in the sale to the City of any land, materials, supplies or services.
 - b. No employee has the authority to make a purchase of supplies, services, materials, or equipment for personal use on a City account or on a City credit card. The Finance Director is to be informed in writing of inadvertent usage within 24 hours.
14. Purchasing Cards: Purchasing Cards are to be used for those who either make repetitive small purchases to carry out one’s job duties or for items that cannot be found through the purchase order process, not as a way to circumvent the purchase order process. The Purchasing Card can be used with any supplier that accepts MasterCard as a form of payment. The following important points should be reviewed before using the Purchasing Card:
 - a. Each department will have one purchasing card unless others are authorized by the City Manager in writing. Every departmental charge will be requested in writing (Form 8.3.07) by the employee before purchase, unless in the case of emergency. Department heads must approve these charge before purchase.
 - b. Your Purchasing Card is issued in the name of a specific individual. All purchases made on the Card are the responsibility of the individual. You are responsible for the security of the Purchasing Card and the transactions made with it. In appropriate use of a purchasing card may be cause for disciplinary action to be taken against the cardholder.
 - c. The Purchasing Card may be used at any vendor or service provider that accepts MasterCard, is participating in the program and is not on the restricted list. It may be used for in-store purchases, mail, telephone or Internet orders. The Purchasing Card may be used to purchase supplies and services less than the Single Transaction Limit that was established.
 - d. Use of the card must not exceed the credit limit assigned to the Purchasing Card in a given month.
 - e. Each cardholder must reconcile the statement to ensure all charges are accurate. Statement reconciliation needs to be completed within seven days of receipt of your statement.

	Title:			
	Purchasing Policy			
	Document #	Revision #	Effective Date	Approved Date
3.15	1.0	01/14/2019	01/14/2019	

- f. The Purchasing Card is not intended to be used to avoid or bypass appropriate purchasing or payment procedures. This program compliments the existing processes available.
 - g. The Purchasing Card is not for personal use.
 - h. The Purchasing Card must be returned to Human Resources upon an employee's transfer or termination of employment. The employee's final paycheck will be withheld until the Purchasing Card is turned in to the Purchasing Agent.
15. Purchasing Card Procedures
- a. Any item that is stocked in the City of Palestine's Central Warehouse is NOT to be purchased on the purchasing card.
 - b. Determine if the transaction is an acceptable use of the card, and if it is within the cardholder's spending limit.
 - c. Identify the supplier to place your order.
 - d. If the order is by mail, specify the cardholder name, company name, department name and shipping instructions. Also, specify the Purchasing Card number, expiration date and name as it appears on the card.
 - e. Indicate that the City is tax exempt from sales tax and send or deliver a tax exempt form (if required).
 - f. Confirm pricing and freight.
 - g. Request that a hard copy of the pricing and freight be emailed to the Cardholder and/or included in the shipment of supplies.
 - h. A copy of the charge slip, sales receipt or any other information related to the purchase must be kept in the receipt envelope.
 - i. Invoices with no amount due are the most optimal documentation since they itemize the purchases and show any sales tax that was incurred. A vendor's entry system usually prints an automatic invoice with the processed order. Instruct the vendor not to send the invoice to the Finance Department but directly to the individual cardholder making the purchase (this will prevent duplicate payments to vendors). If a purchase is made via mail or telephone, ask the vendor to include the receipt with the goods when shipping the product. The receipt is the only original documentation specifying tax paid on the purchase. Please remember that if a sales slip is lost, the cardholder will be responsible for obtaining a replacement.
 - j. Timely submission of paperwork is important. Delayed submission of paperwork will cause the card to be terminated.
 - k. Purchasing cards are not to be used for travel expenses unless authorized by the City Manger. Employees are required to submit travel authorization documentation and either receive expenses before travel or reimbursement after post travel documentation is submitted.
16. Returns, credits and disputed charges
- a. Should a problem arise with a purchase item, service or charges, the cardholder should make every attempt to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits and disputed charges. The cardholder should note all returned, credited or disputed items on the Purchasing Card Transaction Log.

	Title:			
	Purchasing Policy			
	Document #	Revision #	Effective Date	Approved Date
3.15	1.0	01/14/2019	01/14/2019	

- b. Returns: If an item needs to return to a supplier, the cardholder will contact the supplier and obtain instructions for the return, Note that some suppliers may charge a restocking or handling fee for returns. All returns should be indicated in the transaction log along with a notation of any restocking or handling fee.
 - c. If the item is accepted as returned by the supplier, a credit for this item should appear on the following month's statement. All credits should be indicated in the transaction log.
 - d. Disputed Charges: If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated in the transaction Log. If the cardholder cannot resolve a disputed item directly with the vendor, the cardholder should complete the Dispute Form. The credit card vendor will place the charge in a "State of Dispute" and the account may be given a provisional credit until receipt of adequate documentation from the vendor. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is suspected to be fraudulent, the card will be immediately blocked, continue to have a provisional credit (if given) and an investigation of the charge will continue. A new card will then be re-issued to the cardholder, if appropriate. If the charge appears legitimate, the transaction will then post to the new account.
17. Emergency purchases in excess of \$5,000 under urgent and unforeseen circumstances:
- a. The City Manager is to be informed of the circumstances in writing before obligating the City.
 - b. Only the City Manager may approve emergency purchases without securing multiple bids.
 - c. Upon approval by the City Manager, the user department is to issue a requisition to Purchasing.
 - d. For purchases above \$10,000, the Department Director is to forward a City Council communication to the City Manager's Office detailing the emergency.
 - e. The City Manager will put the communication on the next available City Council agenda for ratification by Council.