

# City of Tecumseh Purchasing Procedure

## **Title**

Purchasing Policy & Procedures

## **Purpose**

This policy addresses general procurement guidelines applicable to the acquisition of goods and services for the City of Tecumseh. The adherence to the policies set forth below will:

- Reinforce consistency and efficiency in expense policies for the City;
- Ensure the maximum purchasing value of public funds regarding procurement;
- Provide safeguards for maintaining a procurement and disposition system of quality and integrity;
- Provide for effective purchasing functions that allow for the necessary business of the City to be performed in a timely fashion; and
- Provide for fair and equitable treatment of all persons involved in public purchasing by the City.

## **Policy**

**A. Purchase Requests.** All purchases of goods or services over \$1000, or non-routine purchases without appropriation in the current budget, shall be submitted to the City Manager, using the attached Purchase Request form, for approval prior to purchase. The purchase request establishes the need and provides justification for any goods or services. The purchase request form should be completed in its entirety to include justification, suggested vendors, quantity, specifications, shipping details and pricing. When deemed appropriate, additional memoranda and/or documentation are encouraged for supporting the purchase request. A purchase request is an internal document.

**B. Purchase Orders.** A purchase order is an official and binding document for the City of Tecumseh to contract/order for goods or services. It is authorized by the City Manager, following the full approval of a purchase request. In most instances, an approved purchase request signed by the City Manager and assigned a purchase order number shall serve as an approval for the purchase. However, if a vendor requires a copy of the purchase order, an officer or employee shall not provide a copy of the purchase request form. Instead, a completed purchase order form (attached) shall be submitted to the City Manager for approval. The purchase order form will reflect information derived from the purchase request and authorizes the vendor to proceed with the provisions of goods and/or services outlined therein. A purchase order is an external document.

**Note: A purchase request must be completed any time a purchase will exceed \$999. A purchase order only needs to be completed if the vendor will require it.**

**C. Criteria by Cost.** The following methods are available to be utilized in the acquisition of goods, services and contracts, depending on the nature of the goods/services being sought and the projected expense:

1. *Small Purchases.* Purchases under \$5,000 are solicited in the following manner:

Under \$500	Best quote
\$500 - \$1,000	Three quotes, preferably in writing. Use of BidNet where appropriate
\$1,000 - \$5,000	Three written, facsimile or electronic quotes
2. Purchases for goods, services and construction over \$5,000 will be by sealed bid, through the City Clerk's office.
3. *Competitive Sealed Bidding.* For purchases of \$5,000 or more, competitive sealed bidding is the preferred method for purchasing goods and services.
4. *Competitive Sealed Proposals.* When the City Manager determines that competitive sealed bidding is not practicable or not advantageous to the City, a contract may be entered into by using the competitive sealed proposals method.
5. *Sole Source.* A contract may be awarded without competition when it is determined in writing that there is only one source for the required supply or service or when competitive bidding is either not feasible or advantageous to the City.
6. *Standing Purchase Orders.* A standing purchase order for multiple purchases of a similar good or service in a fiscal year may be awarded to a sole vendor by a single authorization beginning with the first purchase of the fiscal year. A new purchase request must be submitted prior to the first similar purchase in each fiscal year, indicating that proper quotes were solicited according to the requirements of this policy at least once per year. The completed purchase request should reflect that a standing purchase order is being specifically requested.
7. *Emergency Purchase.* A purchase may be made under emergency provisions when it is determined that conditions exist which create a disruption of essential operations or conditions adversely affecting the safety, health or security of persons or property such as may arise by reason of floods, tornados, riots, equipment failures, or such other reason as may be proclaimed by the City Manager.
8. *Circumventing Requirements.* Splitting a purchase across multiple departments, funds or purchase requests/orders, or categorizing a purchase as an emergency for the purpose of circumventing authorization levels or requirements is strictly prohibited.

**D. Council Approval.** All non-emergency purchases of \$5,000 or more shall first be approved by the City Council.

**E. Tax Exemption.** Notify the vendor or merchant that the City is exempt from all local and state sales taxes or federal excise taxes for goods and services purchased in the State of Michigan (use the attached Michigan Sales and Use Tax Certificate of Exemption).

**F. Local Buying.** Whenever possible, purchases will be made from local vendors from the City of Tecumseh or its environs. This will be accomplished by ensuring that local vendors, who have goods or services, which the City is in need of, are included in the competitive shopping process, which will precede most purchases. The City has a responsibility to its residents, however, to obtain the maximum value for each public dollar spent.

**G. Delivery and Inspection.** Goods and services will be checked at the time of receipt to detect any damage or defects and ensure the receipt of material/equipment in compliance with the contract documents or order. Inspection should be conducted immediately upon arrival or as soon thereafter as practicably possible. Equipment and supplies should be inspected for damage, quantity, quality, price and all other required specifications.

The acceptance of goods shall be the responsibility of the initiating department. All invoices or shipping documents should be signed by the recipient and forwarded to the City Treasurer. Rejection of received/delivered equipment, goods or services shall be immediately documented by the requesting department to the City Manager and the vendor informed, allowing opportunity for explanation or compliance with the original specifications.

**H. Penalty for Failure to Comply.** Any officer or employee of the City of Tecumseh who violates the provisions of this policy shall be subject to disciplinary actions provided for by City policies and applicable laws, up to and including dismissal or discharge, as well as civil and/or criminal action.