

PURCHASING PROCEDURES

I. INTRODUCTION

The Home Rule Charter assigns responsibility for procurement to the Director of Finance. The following procedures are published to insure positive management of this vital function and to make certain that vendors deliver supplies, services or construction to the account of the Town of Gloucester only on the basis of an official purchase order or contract issued through approved channels.

All personnel should be aware that whenever any purchase or contract is made independently and contrary to the Charter or Rules and Regulations made thereunder, such order or contract is voidable by the Town and may become the personal liability of the person placing the order or signing the contract.

The procurement system works best when planning is integral to the process. Although these procedures provide for emergency or urgent situations they are based on the idea that managers plan ahead and that most buying is done on a routine basis. For clarification the following definitions apply:

Emergency - Goods or services required immediately. Necessary to a current operation **vital** to the health and safety of the community.

Urgent - Goods and services required within one week. If not received will seriously impair ability to carry out assigned function.

Routine - All requirements other than emergency or urgent.

Separate procedures are established for Small Purchases (\$5000.00 or less) and Contracting (over \$5000.00).

II. SMALL PURCHASE

A. General

1. Applies to procedures not exceeding five thousand dollars (\$5000).

2. Basic documents used are:

Purchase Requisition - Used to request a purchase.

Purchase Order
(PO) - Used to order and contract for goods and services. May be signed only by Purchasing Officer or his/her designee.

Blanket Purchase Order (BPO) - Issued for one year to vendors from whom many repetitive purchases are made. Orders against BPO may be placed by designated personnel only.

Receiving Report - Used to verify receipt of goods and services.

3. Departments/Offices may do their own buying, however except as prescribed in paragraph II.C. below, no order may be finalized unless approved by the Purchasing Officer or his/her representative. Authorization will normally be in the form of a signed Purchase Order.
4. Departments/Offices may elect to have the Purchasing Section of the Treasurer's Office do the buying. This method is recommended especially for routine requisitions.
5. In order to insure competition the following criteria shall be used in obtaining cost information:

**Estimated Aggregate
Procurement Cost**

**Number and Type of
Quotations Required**

\$500 or Less

One verbal quote or catalog price.

\$501 - \$1000

Three verbal or written quotes whenever possible. Catalog prices are deemed to be written quotes.

\$1001 - \$5000

Three written quotes whenever possible.

B. Routine Ordering

1. Requisitioner

- a. Identify need for goods or services; establish priority and method of buying (Requisitioner or Purchasing).
- b. Requisitioner Buys
 1. Screen market in accordance with paragraph II. A.5. above.

2. Select vendor who can provide the product or service at best cost for quality by the desired delivery date.
 3. Fill out requisition and forward to purchasing Section (See enclosure (1) for sample). Attach documentation relating to the market screening.
- c. Purchasing Buys - Requisitioner simply fills out requisition and forwards to Purchasing Section.

2. **Purchasing Section**

- a. Check appropriation for availability of funds.
- b. Screen market if not done by requisitioner.
- c. Prepare Purchase Order
- d. Order material or service.
 1. Mail original of Purchase Order to vendor; or
 2. Place order by telephone - stamp original of Purchase Order "Confirmation Order" and mail to vendor.
- e. Distribute Purchase Order Copies
 1. Forward copy to ordering unit for filing in a Receipt Due File.
 2. File copy in Open Purchase Order File.
- f. In those instances where the requisitioner wishes to place the order him/herself or to pick-up material directly, this fact should be indicated on the requisition. In the former case Purchasing will authorize the ordering unit verbally as soon as the Purchase Order Number is signed. In the latter situation the ordering unit will be informed when the purchase order has been prepared and may pick up the original at his/her convenience.

C. Emergency Ordering

Circumstances may require an emergency purchase at a time when there is no one available in Purchasing to provide purchase orders or call numbers. In this case Department Heads/Officials are authorized to make the required purchase insuring that the requisition or delivery ticket is forwarded to Purchasing on the next working day.

III. ORDERING AGAINST BLANKET PURCHASE ORDER (BPO)

1. The Purchasing Officer will have informed Department/Offices of types of items covered by BPOs, vendor names, BPO numbers and employees authorized to order under the BPO.
2. **Orderer**
 - a. Authorized orderer recognizes need for local order item; determines vendor and BPO number.
 - b. Informs Purchasing of approximate cost and obtains call/pick-up number.
 - c. Obtains item from vendor; obtains counter ticket or packing slip.
 - d. Forwards counter ticket or packing slip annotated with call/pick-up number to Purchasing.
3. **Purchasing**
 - a. Collects delivery tickets as received; compares with terms and prices of agreement with vendor; files by vendor.
 - b. Monthly, compares delivery tickets with vendor's statement; resolves differences.
 - c. Processes statements for payments.

D. Ordering Office Supplies

1. Consumable office and computer supplies, copy and computer paper, and stationary are funded, ordered and issued by the Treasurer's Office.

2. A central supply room stocked with many common use items is located in the Town Hall and available to all units of Town Government. It is open from 8:00 am to 4:30 pm weekdays. Those units which cannot visit the supply closet during those hours should contact the Purchasing Section for other arrangements.
3. Requirements for non-common use items should be forwarded to Purchasing on a requisition. Funding of these items will be from the Central Supplies Account.

E. Receipts of Material or Services

1. Deliveries of all goods and completion of services should be reported to Purchasing Section for processing.
2. **Receiver**
 - a. Matches material with Department copy of purchase order; checks for condition and quantity. Resolves differences with vendor.
 - b. On Purchase Order annotates dates of receipt, pertinent remarks and signature of person accepting shipment.
 - c. Attaches copy of delivery or packing slip to annotated Purchase Order; forwards to Purchasing.
3. **Purchasing Section**
 - a. Compares Purchase Order from Open Purchase Order File with Receipt copy; annotates quantities to Office copy.
 - b. Checks Unpaid Invoice File -

Invoice in file:	Compares invoice with receipt documents; if necessary resolves differences; schedules invoice for payment.
Invoice not in file:	Files receipt documents in Invoice Due File to await receipt of invoice; upon receipt processes as above.

IV. CONTRACTING ABOVE \$5000

A. Bidding Methods

Two bidding methods are allowed for selecting a contractor for awards over \$5000. The preferred procedure is competitive sealed bidding which shall be used whenever the product, service or construction project can be defined exactly. The document used is an "Invitation For Bid" (IFB). The other method is competitive negotiation and is used only when the Scope Of Work cannot be accurately and completely defined. The document used is a "Request For Proposals" (RFP). The decision as to which method is to be used is made by the Purchasing Officer based on information provided by the unit requesting procurement.

B. Competitive Sealed Bidding

This is used when requirement can be defined exactly. The Town prepares an Invitation for Bid with detailed specifications and makes it available to interested contractors. The award must be made to the lowest responsible and responsive bidder.

Responsibility for preparing the specifications or Scope of Work for the procurement or goods or services rests with the unit requesting the procurement. For construction projects, however, the Town Council will have either designated a Project Manager or appointed a Building Committee to be responsible for the project. The Manager or Committee will prepare the Scope of Work. After the specifications or Scope of Work are completed they will be forwarded to the Purchasing Officer who will incorporate them into an Invitation For Bid which will be advertised and distributed in accordance with current law and regulations.

Bids received will be opened publicly by the Board of Contract and Purchase. The Board in conjunction with the requisitioner shall review the bids, determine the responsive and responsible bidder whose bid is either the lowest qualified bid price or the lowest qualified evaluated or responsive bid price, and forward a recommendation for award to the Town Council. The Council will award the contract.

C. Competitive Negotiation

This works best when technical services are sought or when contracting with architects, engineers and similar professional services providers. The procedure allows an award to the contractor with the best combination of price, experience and quality of service delivery; award is not restricted to the lowest dollar offer.

In the competitive negotiation process offerors generally respond to an RFP by submitting a sealed proposal that includes their statement of qualifications, a technical proposal describing how the service will be delivered, and estimated price (if requested) for the service. Due to the competitive negotiation aspect these proposals are not opened in public. Everything in the response is negotiated during the evaluation process.

The responsibilities for preparing and advertising a Request For Proposals are similar to competitive sealed bidding. The requesting organization has the lead on preparing the Scope of Work while the Purchasing Officer puts the package together and distributes it. The Board of Contract and Purchase and the requestor evaluate the responses and a recommendation for award is made to the Town Council.

- D.** In either case, sealed bidding or competitive negotiation, close liaison should be established and maintained between the requesting unit, the Town Planner and the Purchasing Officer from inception of the procurement through award.

TOWN OF GLOCESTER
REQUISITION
FOR PURCHASE ORDER OR DIRECT FUNDS

FROM: PUBLIC WORKS

TO: TREASURER

DATE OF REQUISITION: 2-1-95

(Suggested Or Required Vendor)

ACCOUNT NUMBER 01-54-2185ABC CO.SHIP VIA UPS111 MAIN STREETE. OVERSHOE, CT**REQUIRED DELIVERY**DATE: 2-20-95

SHIP TO:

HIGHWAY GARAGECHESTNUT HILL ROADCHEPACHET, RI 02814

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>	<u>TOTAL PRICE</u>
<u>100</u>	<u>WIDGETS</u>	<u>5.00</u>	<u>500.00</u>
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SIGNATURE _____
Department Head

- * Submit One Copy
- * Each Requisition Is Subject To Approval.
- * Attach Documentation Relating To "Quotes" If Applicable.

TOWN OF GLOCESTER
REQUISITION
FOR PURCHASE ORDER OR DIRECT FUNDS

FROM: _____

TO: TREASURER

DATE OF REQUISITION: _____

(Suggested Or Required Vendor)

ACCOUNT NUMBER _____

SHIP VIA _____

REQUIRED DELIVERY

DATE: _____

SHIP TO:

<u>QUANTITY</u>	<u>DESCRIPTION</u>	<u>UNIT PRICE</u>	<u>TOTAL PRICE</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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_____	_____	_____	_____
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_____	_____	_____	_____
_____	_____	_____	_____

Department Head _____

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- * Each Requisition Is Subject To Approval.
- * Attach Documentation Relating To "Quotes" If Applicable.



TOWN OF GLOUCESTER

DEPARTMENT OF FINANCE

1145 Putnam Pike

P.O. Box B

Chepachet, Rhode Island 02814-0702

(401) 568-3342

Thomas P. Mainville
Director

December 9, 1999

To: Town Council

Re: Purchasing Procedures policy

I am requesting that the Council make the following changes to the Purchasing Procedures policy:

1. Change Section II. A. 1. from 'Applies to procedures not exceeding five thousand dollars (\$5,000).' to 'Applies to procedures not exceeding ten thousand dollars (\$10,000) for construction and five thousand dollars (\$5,000) for all other purchases (amounts to be adjusted for changes in the Consumer Price Index (CPI)).

2. Change Section II. A. 5 from:

Estimated aggregate
procurement cost

Number and type of
quotations required

\$1,001 - \$ 5,000

Three written quotes whenever possible.

to: \$1,001 - \$10,000 *
for construction

Three written quotes whenever possible.

\$1,001 - \$ 5,000 *
for all other purchases

Three written quotes whenever possible.

*adjusted for changes in Consumer Price Index.

3. Change Section IV. A. from 'Two bidding methods are allowed for selecting a contractor for awards over \$5,000.' to 'Two bidding methods are allowed for selecting a contractor for awards over \$10,000 for construction and \$5,000 for all other purchases (amounts to be adjusted for changes in the Consumer Price Index (CPI)).

These changes would make our purchasing policy less restrictive and would also make it equivalent to RIGL 45-55-9.

TPM

TITLE 45

Towns and cities

CHAPTER 45-55

Award of Municipal Contracts

SECTION 45-55-5

§ 45-55-5 Competitive sealed bidding. – (a) Contracts exceeding the amount provided by § 45-55-9 shall be awarded by competitive bidding unless they are professional engineering/architectural services pursuant to § 45-55-8.1 and it is determined in writing that this method is not practicable. Factors to be considered in determining whether competitive sealed bidding is practicable shall include whether:

(1) Specifications can be prepared that permit award on the basis of either the lowest qualified bid price or the lowest qualified evaluated bid price; and

(2) The available sources, the time and place of performance, and other relevant circumstances as are appropriate for the use of competitive sealed bidding.

(b) The invitation for bids shall state whether award shall be made on the basis of the lowest bid price or the lowest evaluated or responsive bid price. If the latter basis is used, the objective measurable criteria to be utilized shall be stated in the invitation for bids, if available.

(c) Adequate public notice of the invitation for bids shall be given a sufficient time prior to the date stated in the notice for the opening of bids. Notice may include publication in a newspaper of general circulation in the state as determined by the purchasing officer for the municipality not less than seven (7) days nor more than twenty-one (21) days before the date set for opening of the bids. The purchasing officer may make a written determination that the twenty-one (21) day limitation needs to be waived. The written determination shall state the reason why the twenty-one (21) day limitation is being waived and shall state the number of days, giving a minimum and maximum, before the date set for the opening of bids when public notice is to be given.

(d) Bids shall be opened publicly in full view of the public at the time and place designated in the invitation for bids. Each bid, together with the name of the bidder, shall be recorded and an abstract made available for public inspection. Subsequent to the awarding of the bid, all documents pertinent to the awarding of the bid shall be made available and open to public inspection and retained in the bid file.

(e) The contract shall be awarded with reasonable promptness by written notice to the responsive and responsible bidder whose bid is either the lowest bid price, or lowest evaluated or responsive bid price.

(f) Correction or withdrawal of bids may be allowed only to the extent permitted by regulations issued by the purchasing officer.

TITLE 45

Towns and cities

CHAPTER 45-55

Award of Municipal Contracts

SECTION 45-55-6

§ 45-55-6 Competitive negotiation. – (a) When, under regulations adopted by the city or town council, the purchasing agent determines, in writing, that the use of competitive sealed bidding is not practicable, and except as provided in §§ 45-55-8, 45-55-9, and 45-55-10 a contract may be awarded by competitive negotiation.

(b) Adequate public notice of the request for proposals shall be given in the same manner as provided in § 45-55-5(c).

(c) Contracts may be competitively negotiated when it is determined, in writing, by the purchasing agent that the bid prices received by competitive sealed bidding either are unreasonable as to all or part of the requirements, or were not independently reached in open competition, and for which:

(1) Each competitive bidder has been notified of the intention to negotiate and is given reasonable opportunity to negotiate; and

(2) The negotiated price is lower than the lowest rejected bid by any competitive bidder; and

(3) The negotiated price is the lowest negotiated price offered by a competitive offeror.

(d) The request for proposals shall indicate the relative importance of price and other evaluation factors.

(e) Award shall be made to the responsible offeror whose proposal is determined, in writing, to be the most advantageous to the municipality taking into consideration price and the evaluation factors stated in the request for proposals.

(f) Written or oral discussions shall be conducted with all responsible offerors who submit proposals determined, in writing, to be reasonably susceptible of being selected for award. Discussions shall not disclose any information derived from proposals submitted by competing offerors. Discussions need not be conducted:

(1) With respect to prices, where prices are fixed by law or regulation, except that consideration shall be given to competitive terms and conditions; or

(2) Where time of delivery or performance will not permit discussions; or

(3) Where it can be clearly demonstrated and documented from the existence of adequate competition or accurate prior cost experience with the particular supply, service, or construction item, that

acceptance of an initial offer without discussion would result in fair and reasonable prices, and the request for proposals notifies all offerors of the possibility that award may be made on the basis of the initial offers.

TITLE 45

Towns and cities

CHAPTER 45-55

Award of Municipal Contracts

SECTION 45-55-8

§ 45-55-8 Sole source procurement and emergency procurements. – (a) A contract may be awarded for a supply, service, or construction item without competition when, under published regulations, the purchasing officer determines, in writing, that there is only one source for the required supply, service, or construction item.

(b) Notwithstanding any other provision of this chapter, the purchasing agent may make or authorize others to make emergency procurements when there exists a threat to public health, welfare, or safety under emergency conditions as defined in regulations or where the procurement will be in the best interest of the city as established by properly promulgated rules and regulations; provided, that emergency procurements shall be made with as much competition as is practicable under the circumstances. A written determination of the basis for the emergency, and for the selection of the particular contractor, shall be included in the contract file.

TITLE 45
Towns and cities

CHAPTER 45-55
Award of Municipal Contracts

SECTION 45-55-9

§ 45-55-9 Small purchases. – Procurements, not to exceed an aggregate amount of ten thousand dollars (\$10,000) for construction and five thousand dollars (\$5,000) for all other purchases may be made in accordance with small purchase regulations promulgated by the municipality. These amounts shall be increased or decreased annually hereafter at the same rate as the Boston Regional Consumer Price Index. Procurement requirements shall not be artificially divided so as to constitute a small purchase under this section. A municipality may further reduce the aggregate purchase amount, as provided for in this section by ordinance.