City of Avenal Purchasing Manual

REV 2.

REVISION 2, October 2024

I. Statement of Policy

General Policy Statement - All Purchases

This Manual presents the City of Avenal's (herein referred to as the "City") required purchasing process to assure uniformity of purchasing procedures as well as compliance with State and Federal Statutes and rules governing purchasing and the expenditure of public funds. Centralization of purchasing functions is key to an effective requisition and purchase order system, as well as control of public funds. Thus:

A. Only the Purchasing Agent can initiate and conduct solicitations for informal quotations for the purchase of necessary goods and services. Strict adherence to this requirement will be enforced. Failure to adhere to these procedures will result in disciplinary action including possible termination.

B. All vendors are to initially contact the Finance Department directly regarding all requests for purchases and clarification thereof. The Finance Department shall be available for clarification of specifications or existing contracts. The Finance Department shall inform vendors on how to conduct business with the City.

VENDORS: DO NOT MAKE INITIAL CONTACT WITH USING DEPARTMENTS.

C. No individual, group or user agency has the authority to legally and/or financially commit the City to any contract, agreement or purchase order for goods or services.

D. All user agencies are required to adhere to the purchasing procedures in requisitioning all goods and services.

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III. Definitions

Purchasing Officer.

The Purchasing Officer shall be the City Manager or a person appointed by the City Manager as his or her designated representative. The Purchasing Officer may delegate duties to other employees. The duties of Purchasing Officer may be combined with those of any other office or position. The Purchasing Officer shall have authority to:

(a) Purchase and contract for all supplies and equipment required by any using agency in accordance with purchasing procedures prescribed by this chapter, such administrative regulations as the Purchasing Officer shall adopt, and such other rules and regulations as shall be prescribed by the City Manager;

(b) Negotiate and recommend execution of contracts for the purchase of supplies and equipment;

(c) Act to procure for the City the needed quality in supplies and equipment at least expense to the City;

(d) Discourage collusive bidding and endeavor to obtain as full and open competition as possibleon all purchases;

(e) Prepare and recommend rules governing purchasing, maintaining an inventory, and warehousing of supplies and equipment of the City;

(f) Keep informed of current developments in the fields of purchasing, prices, market conditions and new products;

(g) Prescribe and maintain such forms as are reasonably necessary to the operation of this chapterand other rules and regulations;

(h) Be responsible for the inspection of all supplies and equipment purchased to insure conformance with specifications, and, where necessary, to require chemical and physical tests of samples submitted with bids and samples of deliveries to determine their quality and conformance with specifications;

(i) Recommend the transfer of surplus or unused supplies and equipment between City departments as needed and the sale or other disposition of all supplies and equipment which cannot be used by any using agency or which have become obsolete or otherwise unsuitable for City use;

(j) Maintain a bidders' list, vendors catalog file and records needed for the efficient operation of thepurchasing division;

(k) Perform such other duties and functions as may be necessary.(Ord. 92-03 (part), 1992)

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IV. Methods of Purchasing

(a) Procurement

All purchases, with a small number of exceptions, shall be made through the purchase order process via the Core Financials system. Any purchases over $25,001 shall be competitively bid with all records of quotes provided to Finance. Council will approve any purchases over $25,001 amount, while any other acquisition under $25,000 will be approved by the purchasing officer or designee. Additionally, all Supporting Documents, such as invoices, receipts, packing slips, must be submitted

(b) Sole Sources

In the event that the purchase process cannot be used, or it would hinder timely acquisition of required materials or services, sole source justification can be submitted to the purchasing officer. The purchasing officer can approve justification for a procurement of up to $25,000, otherwise council approval is required.

Any department requesting the use of a blanket purchase order in excess of $25,001 must get approval from council.

For personal services, departments may procure personal services one time or on an annual basis, as long they do not exceed $25,000, without a competitive process and with the Purchasing Officers approval. Requests over $25,001 must be approved by council.

In the event approval by council is required, the sole source request must be submitted to Finance beforehand. Forms are available at the office. Approvals are valid for the fiscal year in which they were submitted.

(c) Estimates of Requirements

All using agencies shall file detailed estimates of their requirements in supplies and equipment in such manner, at such time, and for such future periods as the Purchasing Officer shall prescribe.

(Ord. 92-03 (part), 1992)

(d) Funding of Purchases

The Purchasing Officer or designee shall not authorize or issue a written contract or payment warrant for supplies or equipment unless there exists sufficient unencumbered appropriation in the fund account against which the purchase is to be charged.

(e) Cal Card Procedures

1. Finance administers the Cal Card Program for the City. Except as prohibited by Section C.2.c below, Cal Cards may be used to make authorized purchases at any establishment that accepts credit cards. The merchant is responsible for obtaining authorization from the issuing bank for the transaction. Those transactions exceeding the single, daily, or monthly transaction limit, or that are for nonqualified purchases will not be processed. Department heads are responsible for the proper use of the Cal Cards issued to employees and for insuring compliance with the policies and procedures provided in this

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section. Violation(s) (one or more) of this Policy shall result in the revocation of the offender's card, at the discretion of the Purchasing Officer.

2. The department head may request the Purchasing Officer to set up a department employee for the issuance of a CalCard and specify the approved Authorization Parameters. Finance will complete the issuing bank Cal Card Cardholder Set-Up/Change Request form for each employee authorized by the department head to be issued a card. Issuing bank will forward the cards to the Purchasing Division. Finance will forward the Cal Card and a Cal Card Acknowledgement Statement to the department head and/or designated employee. The Cal Card Acknowledgement Statement must be signed by both the department head, or his/her designee, and employee to certify receipt of card and understanding of the Cal Card program. The signed Cal Card Acknowledgement Statement must be returned to Finance.

a. Lost Or Stolen Cal Cards.

Departments should promptly report lost or stolen cards to the issuing bank, which will immediately cancel the card and arrange for a new card to be issued. Any unauthorized charges incurred prior to notifying issuing bank are the responsibility of the department, not to exceed $50 in accordance with the Issuing bank Cal Card Agreement.

b. Cal Card Cancellation.

When a cardholder leaves City employment or the department head rescinds the employee's authorization, it is the responsibility of the department to promptly destroy the card(s) and contact Finance with a brief written explanation for cancellation. The department is responsible for any charges incurred after an employee leaves City employment if a request for cancellation has not been made.

c. Cal Card Restrictions.

Single transaction levels cannot exceed amounts (typically $500) set by the Finance and agreed upon by the Purchasing Officer – these amounts will be created individually based on job position and needs. Cal Cards shall not be used for any personal property items (office supplies or equipment, repair parts, equipment, capital assets etc., except as allowed in section "d" below), cash advances, personal or professional services, purchases from foreign countries, or items with an associated contract or under a price agreement. Also, Cal Cards may not be used for non-corporation vendors that may require 1099-MISC reporting at year end.

d. Authorized Purchases Using Cal Card.

Cal Cards may be used for postage and post office box rentals, utilities, permits and fees, memberships, subscriptions, publications, seminars, training and technical materials (audio or video/cd/dvd), travel expenses (in accordance with the City's Travel Policy), certain professional services where confidentiality may be an issue (drug testing, child abuse exams, etc), emergency procurement or payments where the normal purchasing procedure is not feasible, and generally any payment under $100 authorized by the department head. Card holders are strongly encouraged to use the purchase order process for all purchases. Additional, Cal Cards may be used for personal property items and professional services provided the card holder has gone through proper Purchase Order procedures and received approval.

e. Supporting Documentation.

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Approved purchases will require the employee's (cardholder's) signature verifying the items purchased, correct pricing and sales tax (when applicable). All charges must be supported by a sales draft. If the sales draft does not contain sufficient description to properly identify the items purchased, a detailed receipt or other supporting documentation by the merchant should be attached to the sales draft. Sales drafts and receipts are to be maintained by the department for three years from the date of purchase for audit purposes and are considered public documents. The copy of the sales draft and any supporting receipts are used by the department to verify and reconcile the charges on the monthly statement from issuing bank and are to be submitted to the Department of Finance with the request for payment.

f. Cal Card Purchase Payments.

At the close of each billing cycle, departments will receive a Statement of Account, which is the official invoice on which the Department of Finance will make payment. Departments must review the Statement of Account for accuracy and verify that each charge is supported by a sales draft. The Statement of Account and the Cal Card Certification signed by an authorized department employee are forwarded to the Department of Finance no later than fifteen (15) days from date of the statement. Habitually late statements may result in loss of card privileges. The Department of Finance will pay all charges as listed on the Statement of Account. If a department discovers an invalid charge on their Statement of Account, they must first contact the vendor and attempt to have the charge reversed. If unsuccessful, cardholders must complete a Statement of Questioned Item Form and submit it to the Department of Finance. The form will be forwarded to Issuing bank for their review.

g. Unauthorized Cal Card Use.

Employees that misuse their Cal Cards will lose all card privileges and may be subject to disciplinary actions. Cal Cards shall only be used by the employee to whom the card was issued. Any misuse will be reported to the department head by the Department of Finance during the auditing process.

h. Records and Receipts

Employees must retain a copy of all purchases, first by taking a picture or scanning the receipt immediately after purchase and submit copies of corresponding receipts to the Finance department at the end of each month – the employee must keep all records and receipts of their purchases for a minimum of three years.

i. Missing Records of Receipts

Any missing records and receipts must be supplemented by a memo explaining the expense and why the record or receipt is missing. Employees that cannot account for two or more receipts from their Cal Cards in a fiscal year will lose all card privileges and may be subject to disciplinary actions.

V. Formal Bids

Unless Section 3-8.12 is applicable, the purchase of supplies and equipment shall be by open marketprocedures pursuant to Section 3-8.13. Formal bidding procedures required pursuant to Section 3-8.12 may be dispensed with only:

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(a) When the City Manager finds that such supplies or equipment are unique because of their quality, durability, availability, or fitness for a particular use and are available from only one source; or

(b) When an emergency, as determined by the City Manager, requires that the purchase becompleted within a period of time which will not permit normal bidding or quotation procedures; or

(c) When there is a breakdown in essential machinery or in an essential service, or when unforeseen circumstances arise including delays by contractors, delays in transportation, and unanticipated volume of work which requires the immediate attention of a professional or immediate service/repair in order to protect the public health, safety or welfare; or

(d) When an essential operation affecting the preservation of life or property, public health, safetyor welfare would be greatly hampered if the prescribed procedure would cause an undue delay in the procurement of the needed services or materials; or

(e) When the City has contracted with another governmental entity to purchase particular supplies or equipment on a cooperative basis; or

(f) When the City Manager determines that due to the nature of the supplies or equipment, formal bidding is not likely to result in the lowest price.

(Ord. 92-03 (part), 1992)

VI. Informal Bids

Procurement Process

VII. Open Market Procedures

Purchases of supplies and equipment of an estimated value in an amount less than twenty-five thousand dollars ($25,000.00) but greater than five thousand dollars ($5,000.00) may, upon receipt and approval of a purchase requisition executed by a department manager, be made by the Purchasing Officer in the open market without observing the formal bidding procedures prescribed by Section 3-8.12.

(a) Minimum number of quotations. Open market purchases shall, wherever practicable, be based on at least three (3) quotations and shall be awarded to the lowest responsible vendor, except as otherwise provided herein.

(b) Inviting quotations. The Purchasing Officer may solicit quotations by written requests to prospective vendors, by telephone or by public notice posted on a public bulletin board in the Avenal City Hall, or by any other means deemed effective.

(c) Quotations. Sealed, written quotations shall be submitted to the Purchasing Officer, who shall keep a record of all open market quotations and contracts for a period of two (2) years after submission of quotations or the execution of contracts. This record, while kept, shall be open to public inspection, except that vendor proprietary data shall not be open to public inspection.

(Ord. 92-03 (part), 1992

VIII. Exemptions from Centralized Purchasing

The Municipal Code Title 3 Finance Chapter 8 Section 3 grants the Purchasing officer the authority to make all purchases on behalf of the city. Additionally, the Purchasing Officer has the authority to designate and delegate specialized purchasing duties. All authorizations of any using agencies must be done in writing, and each using agency is required to submit periodic reports to Finance. The following is a brief list of designations

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List of Positions with Specialized Purchasing Duties, include but not limited to:

1. Public Works
2. Utilities – The Utilities Department Head and his/her designee shall be assigned purchasing responsibilities
3. Police
4. Information Technology

IX. Requisitions

Requests for items and services to the Purchasing Officer be submitted via Core Financials. All Quotes, terms, delivery dates, shipping charges, and any other relevant information to be submitted at the time of request. Advise the Purchasing Officer if you are unable to secure quotes.

X. Purchase Order

Purchase Orders will be issued to department heads. A Purchase order must include the selected vendor, the Compressed account code of the expenditure account, the items ordered, price, quantity, delivery location and the quote/contract transaction when provided.

XI. Blanket Purchase Orders

To request a blanket purchase order, submit a requisition stating the items or service to be provided, the requested vendor, the duration, price agreement number when applicable, the anticipated amount of funds required, and a detailed justification. The Department of Finance will encumber the funds when the blanket purchase order is issued. Blanket purchase orders are subject to the same purchase requirements.

XII. Advance Payment

In the event that advance payment is required (memberships, rentals, training, technical materials, etc.), these payments may be made with a CAL Card or by submitting a Disbursement Request Form, along with supporting documentation, to the Purchasing Officer for approval. Payment warrants will be mailed to the vendors unless otherwise requested.

XIII. Emergency Procedures

With regard to public works purchases, if there is a great public calamity, such as an extraordinary fire, flood, storm, epidemic, or other disaster, or if it is necessary to do emergency work to prepare for national or local defense, the City Council may pass a resolution by a four-fifths (4/5) vote of its members declaring that the public interest and necessity demand the immediate expenditure of public money to safeguard life, health or property. Upon adoption of the resolution, it may expend any sum required in the emergency without complying with the provisions of this chapter as they apply to such public works purchases.

(Ord. 92-03 (part), 1992)

XIV. Contracts

Purchases of supplies and equipment shall be made by contract, which may include a purchase order.

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(Ord. 92-03 (part), 1992)

XV. Professional Services

Any procurement of a professional service shall be made through the Purchase Order Process (Bidding) with few exceptions. Any required services over $xxxx, shall be competitively bid with all records of quotes and process submitted to Finance. Any services requested that do not exceed $XXXX, shall go through an informal bid with supporting documents submitted to Finance. If the dollar amount of the service is less than $xxxx, the Purchasing officer may approve the purchase. If the service exceeds $xxxx, the City Council's approval is required.

XVI. Approved Vendors

Purchases may only be made from approved vendors. Once a vendor has been approved, they will be added to the Vendor Catalog. In order to add a vendor to the list, a Current W-9 form must be submitted to Finance along with any relevant Purchase Order Process Documentation. In the event that a W-9 is not available, advise the Purchasing Officer.

XVII. Memberships

Memberships/subscriptions will need Justification, via a form, submitted to the Purchasing Officer for review. Once approval for the justification has been granted, the membership/subscription must go through the appropriate Purchasing Process.

XVIII. Reimbursements

The purpose of this section is to provide general guidelines for the reimbursement of out-of-pocket expenses incurred by City of Avenal employees for the purchase of equipment and supplies necessary for official city business. All reimbursements must comply with procurement guidelines and be properly documented. These guidelines may be further clarified, and amounts amended as needed, by written memo from the City Manager or the Director of Administrative Services and further finalized and approved by the City Council.

1. **General guidelines**
    a. Pre-approval Requirement
    Employees must obtain written pre-approval from their department head or authorized supervisor before making any out-of-pocket purchases. All purchases must be compliant with city policy, budgeted for, and necessary for city business.
    b. Use of Normal Procurement Channels
    Whenever feasible, employees are required to use proper channels such as:
        i. City Issued Procurement Cards (Cal Cards).
        ii. The City's normal Purchasing Process
        iii. Pre-approved vendors on the Vendor List
    c. Eligible Expenses
    Reimbursements will only be issued for expenses that:
        i. Are directly related to the employee's official city duties
        ii. Have been approved in advance by the department head or supervisor.
        iii. Are within the scope of the employee's responsibilities and align with city needs.

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d. Non-Reimbursable Expenses
The following expenses will NOT be reimbursed:
   i. Personal or non-work-related items
   ii. Unapproved Purchases
   iii. Equipment or supplies not essential to the employee's duties and city business
   iv. Purchases that exceed approved budgeted amounts without proper authorization
   v. Purchases that were feasible with proper channels
   vi. Fines incurred while operating a city vehicle
   vii. Unauthorized flight upgrades, accommodations, etc.
   viii. Expenses for spouses that accompany employees on business trips

2. <u>Reimbursement Process</u>

a. Employees must submit a Reimbursement Request Form within 30 days of the purchase. The form must have the following attached:
   i. Original itemized receipts for all purchases. Ideally, employees should take a picture or scan the receipt immediately after purchase. Original itemized receipts are required for all purchases. If original receipts are unavailable, employees must provide transaction documentation, such as photographs of the purchased item, screenshots of the listing (if applicable), the transaction agreement, and/or proof of payment.
   ii. A detailed explanation of the expense and why it was necessary for city business
   iii. Justification as to why normal procurement channels were not feasible
b. Reimbursements must be approved by the employee's direct supervisor or department head. The supervisor or department heal will confirm:
   i. The purchase was necessary for official city business.
   ii. The expense was preapproved or justified as necessary in an emergency
c. A final review will be conducted by the Finance Department to ensure compliance with city policy and verify that the requests includes necessary documents

3. <u>Payment and Processing</u>

a. Reimbursements will be processed within 30 days of submission. Any Reimbursements requests received without proper documentation and approval records may be delayed or denied.
b. Payment Method
Reimbursements will be issued via check

4. <u>Emergency Purchases</u>

a. Definition of Emergency Purchases
   i. An emergency purchase refers to the acquisition of goods or services that is necessary to address an urgent and unforeseen situation that poses an immediate threat to:
      1. The health and safety of the public or City employees.
      2. The protection of public property.
      3. The continuation of essential City services, including but not limited to public works, utilities, law enforcement, and emergency response.
   ii. Emergency purchases are warranted when normal procurement methods cannot be followed due to the urgency of the situation, and any delay in acquiring the necessary goods or services would result in significant harm, hazard, or interruption of vital City operations.

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b. Emergency Purchase Limits
Emergency purchases that exceed $500 require additional review and approval by the City Manager or Administrative Director before reimbursement can be processed.

5. Reimbursements to the City Manager

a. The City Manager, being the purchasing officer, is authorized to make purchases related to city business.
b. If normal procurement methods are not feasible, the City Manager may make out-of-pocket purchases up to $5,000.
c. For purchases above $5,000, the Director of Administrative Services or Finance Manager must approve the reasonableness of the purchase.
d. Reimbursements to the City Manager, regardless of the amount, require sign-off from both the City Clerk and the Director of Administrative Services to ensure proper documentation.
e. The City Manager may make purchases outside of normal procurement channels, including but not limited to used equipment from online marketplaces or individual sellers, provided that proper documentation (such as receipts, screenshots of the listing, or proof of transaction) is submitted.
f. These purchases should be lightly used items that do not require major maintenance and will be utilized to avoid renting equipment or hiring services that may not be available at a reasonable price.

6. Violations and Exceptions

a. **Policy Violations**
Failure to comply with this policy, including making unapproved purchases or failing to provide proper documentation, may result in denial of reimbursement and could lead to disciplinary action.

b. **Exceptions**
Any exceptions to this policy must be approved in writing by the City Manager or Administrative Director.

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