

CITY OF VASSAR

PETTY CASH, PURCHASING AND BID POLICY - This is a City of Vassar Policy as there is no state law requiring local units of government to go out for bid for purchases for any amount

PURPOSE: This policy is designed to serve as a guide for all purchases by City of Vassar employees and elected officials for the City of Vassar. All purchases are ultimately the responsibility of the City Manager as the purchasing agent for the City of Vassar. The City Manager may approve or deny in accordance with the provision of this policy and the limitations of the City of Vassar budget unless there is an emergency. The city manager may authorize purchases of \$5,000 or less, and shall approve and sign these purchase orders. In emergencies, when necessary to protect the health, welfare, safety and wellbeing of the community, the City Manager may make or authorize expenditures higher than \$5,000 and not to exceed an amount of \$25,000.00 in the event of an emergency.

This policy does not apply to expenditures made within the Vassar Downtown Development Authority or the Vassar Economic Development Corporation, which is subject to the provisions contained within Policy and Procedures approved by the Boards of those respective organizations.

Department heads shall be responsible for the actual purchasing for their departments, except for certain standard office supplies, which will be purchased through the front office. Department Heads are authorized to spend up to \$500.00 without prior approval of the Manager, provided that the funds are available pursuant to the approved department budget. Department heads will prepare purchase orders for the Manager's approval and signature if their purchase is over the \$500.00 threshold. Once approved by the manager the purchase order will be provided to the City Treasurer to facilitate payment of invoices.

Every reasonable attempt must be made to ensure that purchases are being made in a manner that ensures the City is receiving the best value for the money being expended.

Purchase orders are numbered and will be prepared in advance of any purchase other than those from the established Petty Cash Fund.

SECTION 1 – PETTY CASH – There is one petty cash account authorized for the City of Vassar. The amount to be included in the City's petty cash account is \$200.00.

A. PURPOSE

- 1) The petty cash account is a sum of money set-aside for minor cash disbursements for which the issuance of a purchase order would be impractical. The petty cash fund is designed to provide for small/incidental expenses. Expenses include and are not limited to registered mail, postage, emergency supplies, and supplies not available through a vendor, parking expenses, film development and any one time purchase that has to be handled on a cash basis. **The amount disbursed from petty cash shall not exceed fifty (50.00).**
- 2) Requests for meals, travel (per employee handbook) and mileage (based on annual IRS rate) related to travel should be submitted with appropriate receipts attached. (see employee handbook)

B. GUIDELINES

- 1) Employees must receive the approval of their department head or designee to make purchases using petty cash funds.
- 2) All subsequent increases or decreases in the City's established dollar amount for the petty cash account shall be authorized by the City Manager.
- 3) The City Clerk shall be appointed custodian for the petty cash account by the City Manager.
- 4) The City Clerk/petty cash custodian shall assure that the amount in the petty cash account is counted and reconciled after each transaction.
- 5) The petty cash will be kept in a locked safe place (in the city vault).
- 6) The replenishment should be subject to the same review and approval as invoices. The petty cash account shall always be replenished as needed so that expenditures will be reflected in the proper accounting period and verified by the city treasurer.
- 7) The replenishment must be by list of petty cash disbursements with the appropriate receipts attached. The receipts should show the date, recipient, the purpose, and amount of each cash disbursement. These receipts must be signed by the person receiving the cash.
- 8) At the time of replenishment, the petty cash custodian should ensure that the balance remaining in petty cash, together with the amount of the replenishment voucher, equals the total authorized for the petty cash account.
- 9) The petty cash accounts may not be used for personal cash advances.
- 10) The petty cash accounts may not be used to cash checks.

C. PROCEDURES

- 1) The employee makes an approved purchase and obtains a receipt from the vendor.
- 2) The employee will be reimbursed with cash upon receipt of the completed slip. The original, legible, sales invoice or receipt must accompany the employee in order to receive the petty cash disbursement.
- 3) The City Clerk will keep a log of the petty cash disbursements, the receipt of purchase shall be attached to the log and the petty cash log/receipt will reflect necessary information showing purchase made and purchaser information.

- 4) The petty cash account will be balanced after each transaction when there is activity. The City Clerk/petty cash custodian will sign and date the tape detailing the petty cash slips, cash and outstanding petty cash slips and place in the petty cash box.
- 5) The petty cash account will be replenished in order to process claims.

SECTION 2 - PURCHASE ORDERS

A. PURPOSE

The purchase order system is designed to provide a method to screen purchase requests, to account for the disbursement of funds and keep track of purchases to be delivered. All purchases will require the completion of a purchase order.

B. GUIDELINES

- 1) The purchase order is a request for purchase. The purchase order is authorization to make a purchase and requires a signature from a department head if less than \$500.00 and/or the city manager if the purchase is greater than \$500.00 and less than \$5,000 unless the city manager is required to approve a purchase that is due to an emergency situation. In emergencies, when necessary to protect the health, welfare, safety and well-being of the community, the Manager may make or authorize expenditures higher than \$5,000 and not to exceed an amount of \$25,000.00 in the event of an emergency.
- 2) A purchase order is the approval of a purchase for a specific item(s), from a specific vendor, at a specific rate. Any significant change in the purchase order may void that purchase order, and the employee making the significant change in the purchase order may be held liable for that purchase. A significant change is a change in vendor, item(s) being purchased, or an increase in per unit cost.

C. PROCEDURE

- 1) Credit card purchases shall follow the standard procedure as required for all purchases. (Please see Credit Card Policy for further information)
- 2) The manager and department heads may have subordinates make purchases. The employee making the purchase will sign the vendor's sales slip, and the respective department head will verify authorization prior to sending it for payment by reviewing the purchase order. If the purchase is less than \$500.00, the Department Head will also sign the vendor's sales slip as authorization.
- 3) In emergencies, when necessary to protect the health, welfare, safety and wellbeing of the community, the Manager may make or authorize expenditure higher than \$5,000 and not to exceed an amount of \$25,000.00 in the event of an emergency.

SECTION 3 – BID POLICY

A. PURPOSE

- 1) Obtaining competitive bids is a method by which the City of Vassar can reduce the cost of goods and services through competition.
- 2) All purchases of goods in an amount higher than \$5,000 and all contracts for professional services must be approved by the Vassar City Council under the restrictions outlined below.

B. BIDS

- 1) \$5000.01 - \$10,000.00
At least three quotes must be obtained for similar services. A Notice to Bidders may be published in one of the City's regular newspaper publications, and may also be sent to all relevant vendors on an approved Vendor list (which is maintained in the respective office that is preparing the bid.) to obtain at least three (3) quotes. The three quotes will be brought before City Council with a recommendation for approval.
- 2) \$10,000.00 +
A request for proposals must be prepared and three bids must be obtained. A Notice to Bidders is required to be published in one of the City's regular newspaper publications and should also be sent to all relevant vendors on the approved Vendor list. The bids must be sealed. The bids will be brought before City Council with a recommendation for approval.
- 3) The bid requirements may be waived for emergency situations where immediate repairs or purchases are necessary for the continued operations of a specific city department, operation or function. (Examples of this would be a well house, pump, police or fire vehicle, etc.)
- 4) The Department Head requesting an item being bid must submit a description of the item(s) to be bid, and any specifications to be met by those items to the manager, who serves as the purchasing agent for the City of Vassar.
- 5) All bids shall be sent to city hall, shall be documented as to time and date received and shall be safeguarded and secured from opening until the time set for the bids are to be officially opened. A sealed bid does not allow for faxes or email to be submitted.
- 6) Bids will be opened on the date specified in the request for proposals prior to the City Council meeting where the bids are expected to be addressed. The bids will be opened at the Vassar Municipal Building (City Hall), in the council chambers, by the Manager and recorded by the City Clerk.

- 7) The City Council is not required to accept the lowest bid, and every effort will be made to award bids to local bidders. The council may reject any and/or all bids or portions of bids submitted. Bids may be awarded as a total package or on an item by item basis.
- 8) If the City Council decides that the bid process is not practical in a given situation, they may waive the requirements of this policy on a majority, roll-call vote. A majority shall consist of three or more affirmative votes.
- 9) The City reserves the right to modify any scheduled bidding at its discretion.
- 10) Once council approves a bid award and it is found out that there are add-on's to the final figure and the cost of the bid is now higher than anticipated; the city manager may decide who is next in line to receive the award and may do so with an amount NTE (not to exceed) 10% of the original award amount. The City Manager may also inform the council of this change by email; or at the next regular council meeting.

C. PROFESSIONAL SERVICES

- 1) Bids and or quotes for professional services must be solicited and requests for proposals prepared for all contracted services, including professional services, with the requirements listed below. (Please note bid for professional services does not include the Engineer of Record or the City Attorneys.)
- 2) Service contracts may cover a three year period and include costs in increments reflecting each city fiscal year of the contract. If the term of the service contract is expected to be less than three years, then the contract would cover the expected term.
- 3) At least three quotes will be needed for professional service contracts that exceed \$5,000 from qualified firms / providers for services within the same scope.

The City Council will approve the expense on a majority roll call vote. Three members voting in the affirmative is required.
- 4) All contracts must contain the clause that the City may terminate the contract with or without cause at any time, upon written thirty (30) day notice, and that the contractor must turn over any files and information in their possession to the City Manager at the end of that thirty day period.
- 5) The contract may also contain the clause that the contractor may terminate the contract with or without cause at any time, upon written (60) day notice, under the same conditions as made in paragraph 4) above.

- 6) Bids will be opened on the date specified in the request for proposals prior to the City Council meeting where the bids are expected to be addressed. The bids will be opened at the Vassar Municipal Building (City Hall), in the council chambers, by the Manager and recorded by the City Clerk.
- 7) The City Council is not required to accept the lowest bid, and every effort will be made to award bids to local bidders. The council may reject any and/or all bids or portions of bids submitted. Bids may be awarded as a total package or on an item by item basis.
- 8) If the City Council decides that the bid process is not practical in a given situation, they may waive the requirements of this policy on a majority, roll-call vote. A majority shall consist of three or more affirmative votes.

CITY INSPECTORS & EMPLOYEES *The people who work on a contract basis shall be appointed by the City Council, upon the recommendation of the City Manager, and shall not be subject to the requirements of the bid process. Contracts between Vassar City and the individual contract/inspector/employee shall be negotiated by the City Manager, and shall be presented to the City Council as a part of the appointment process.*

EXCEPTIONS

No bidding is required if the purchase is made through:
The State of Michigan Contract Purchasing Agreement (MIDEAL)
And/or Any public procurement consortium with Cooperative Government Contracts

This policy shall be in effect upon adoption by the City Council and will remain in effect until rescinded by the City Council. This policy shall supersede any other policies, procedures or regulations in place at the time of adoption. Revisions or amendments must be approved by the council, and must be recorded in writing and maintained with this original policy by the City Clerk. This policy, and all subsequent amendments, will be provided by the Clerk to all City Council members and to all Department Heads.

Clerk's certification: I hereby certify that the above City of Vassar Petty Cash, Purchasing and Bid Policy was adopted by the Vassar City Council at their regular meeting held on 11-5-12.

Ordinance Info

Ref. Sec 2-203 Local Purchasing

Purchasing & Bid Policy adopted August 9, 2012 is hereby rescinded upon adoption of this current Petty Cash, Purchasing & bid Policy.