

Town of Meredith – Administrative Regulation

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Approved by: Phillip L. Warren, Jr., Town Manager

Subject: Purchasing Policy

I. Purpose:

The purpose of this policy is to promulgate the various purchasing procedures and guidelines to be utilized by all Town departments, as well as Committees and Boards that are part of the Town of Meredith Budget Appropriations to procure the necessary quality and quantity of goods and services in an efficient, timely, and cost-effective manner. It is the responsibility of the Town to encourage the most open, competitive purchasing process as practicable for the acquisition of goods and services, with the objective of obtaining the maximum possible value while maintaining fair and equitable treatment of vendors.

II. Purchase Orders:

Purchases for goods or services that in aggregate or individually are \$1,000 requires a Purchase Order (PO), **PRIOR** to ordering any goods or contracting for any service.

1. “Aggregate” for the purpose of this policy, means the total costs of one vendor for a group of products or services. If it appears that the products/services will total more than \$1,000, a purchase order should be requested in an amount sufficient to meet the “aggregate” test.
2. “Aggregate Test” – total of invoices for one vendor exceeding \$1,000. For example; a project needs several items from Middleton Lumber and it appears that the aggregate cost may exceed \$1,000, request a PO.
3. Purchases for goods or services, which involve expenditures of less than \$1,000, requires good faith price shopping to be sure that the best all-around cost for the product is achieved. Price quotes for this category should be forwarded with the requisition to Administrative Services or at minimum noted on the bottom of the requisition with the notation of how the quotes were obtained.
4. Purchases for goods or services, which involve expenditures of between \$1,001 and \$5,000, can be made after price shopping has been conducted to obtain the best all-around cost for the product/service desired. Price quotes for this category shall be in writing and forwarded with the requisition to Administrative Services.
5. Purchases for goods or services, which involve expenditures of between \$5,001 and \$9,999, can be made after price shopping has been conducted to obtain the best all-around cost for the product/service desired. A minimum of three (3) price quotes for this category shall be in writing and forwarded with the requisition to Administrative Services.

6. Purchases for good or service which involves an expenditure of \$10,000 or more must proceed through the bid process as outlined in Section III of this document.
7. Purchase Orders will NOT be processed without the back-up documentation as indicated in each category.
8. Goods received PRIOR to the issuance of a Purchase Order will NOT be accepted and returned to the vendor.
9. Services that may be performed PRIOR to the issuance of a Purchase Order may be disallowed for payment; the department head will be responsible to inform a service vendor that payment may not be processed due to non-compliance with the purchasing policy.
10. Purchase Order requisitions may only be submitted by the Department Head; the department head has the responsibility for the departmental budget and approval of expenditures.

III. Bids, Award of Bids and Contracts:

1. Purchases for goods or services, which involve expenditures of at least \$10,000 (aggregate or single item/service), must proceed through a competitive bid process. The Department Head is responsible for determining the specifications for the bid process.
2. The Town of Meredith may accept guaranteed rates for goods or services; however the Town is not obligated to purchase goods or services from the vendor providing a guaranteed rate, if a lower rate becomes available to the Town.
3. The issuance of a contract (Purchase Order) will not occur if the competitive bid process has not been followed. All source documentation for the competitive bid process will be held in the Administrative Services Department for auditing purposes.
4. Department Heads may not order/purchase goods/services prior to the issuance of a Purchase Order. Purchase Orders will be issued for awarded contracts as a result of the competitive bid process. The binding authority for purchases of any kind will rely upon the issuance of a Purchase Order.

IV. Competitive Bid Process:

1. The Town Manager shall ensure that the requesting department provide all relevant information for the timely preparation and release of the competitive bid and are forwarded to the Administrative Services Department for preparation.
2. The RFP (Request for Proposal) must include:
 - a. Detailed listing of required specifications for the goods or services;
 - b. List of vendors for bid to be released to;
 - c. Proposed public notice, suggested advertisement and venue for notification to the public;
 - d. Suggested release date, return date, and public bid opening date;
 - e. Specifications of insurance, bid bonds or performance bonds; any project worth \$100,000 or less will require a 100% performance bond; either in the form of cash or letter of credit, insurance bonds will not be accepted;
 - f. Projects over \$100,000 will be review for the issuance of a performance bond based upon the total cost of the project.

3. All bids will be reviewed for compliance with bid specifications. The bid shall be awarded to the lowest bidder that meets the specifications, is able to submit the proper bond requirements (as applicable), this will not necessarily be the monetary low bidder.
4. Upon review by the Department Head and Administrative Services Director, a recommendation for award will be forwarded to the Town Manager. The Town Manager shall review the recommendations for contract award.
5. Upon concurrence of award from the Town Manager, bid award notices shall be sent from the Administrative Services Department to the Bid Winner, Department and the Town Manager. The award will also be forwarded to the Finance Clerk to issue a Purchase Order.
6. The competitive bid process may be waived by the Town Manager or Board of Selectmen in the following events:
 - a. In cases of emergency or justifiable special circumstances that require the time procurement of goods or services.
 - b. When there is only one source of supplier.
 - c. When the service or products are received through the State or other joint bid processes.
 - d. The Town Manager will issue in writing a waiver to the competitive bid process to be kept in Administrative Services for auditing purposes.

V. Miscellaneous Purchases:

1. Department Heads are responsible for all information regarding purchases for products/services and forwarding the source documentation to Administrative Services; facilitating the tracking of purchases and the proper allocation of costs within departments.
2. Ordering of bulk items such as; pens, pencils, paper, toilet tissue, paper towels, garbage bags, copy paper, etc., are placed through Administrative Services and is available to all departments in Town Hall. Departments shall check with Administrative Services prior to ordering separately for items that may already be available in a bulk order.
3. Pricing for purchases of items such as heating oil, propane, diesel fuel and unleaded fuel is determined through Administrative Services. The vendors for these items may be determined through a verbal bid process to be sure that the Town of Meredith receives the lowest price while maintaining quality of service. These items do not necessarily need to be handled through a bid process; in the event the pricing remains stable or less from year to year.
4. The Department Head is responsible to review invoices with Purchase Order pricing. The verification should include matching quantity ordered, verifying that the quoted bid price is the same as the amount on the invoice submitted for payment, and verifying that the product/service contracted for was received or performed to the Department Head's satisfaction. If during the verification process, a discrepancy is noted, the Department Head should make every effort to contact the vendor and correct the discrepancy before the invoice is validated for payment.
5. Price/Quantity changes after issuance of a Purchase Order – there must be written justification from the vendor and concurrence from the Department Head agreeing to the price/quantity change, documentation as to the reasons for the price/quantity, in the absence of documentation, the Town of

Meredith will only be responsible to pay for the quoted price/quantity as issued. A Change Order must be processed to the existing Purchase Order once documentation has been received.

6. Vendor Change on an issued Purchase Order – in the event there is a change to a vendor on an issued Purchase Order, the 1st Purchase Order shall be voided; with written notification from the Department Head. A NEW Purchase Order shall be issued for the new vendor, noting the reason for the new request is due to a vendor change.

VI. Payment for Goods or Services:

1. Payments will be processed as set forth in Administrative Regulation #25.

VII. Non-Compliance Impact:

1. Non-compliance with any section of the Administrative Regulation (unless authorized by the Town Manager in writing) shall result in the following:
 - a. Non-issuance of a Purchase Order for the goods/services; resulting in the return of the product or non-payment of a service.
 - b. Disciplinary action as determined by the Town Manager.