

# **CITY OF STOUGHTON PURCHASING POLICY**

## **I. PURPOSE**

The purpose of this Policy is to provide for the fair and equitable treatment of all persons involved in public purchasing by the City of Stoughton, to provide guidance and procedures to be followed for the procurement of goods and services for all departments, and to provide safeguards for maintaining a procurement system of quality and integrity which is deserved by City taxpayers.

## **II. OBJECTIVES**

The objectives of the City's purchasing policy are:

- A. To ensure that materials, equipment, and services are purchased at the lowest prices consistent with quality and performance;
- B. To provide adequate controls over City expenditures and financial commitments with proper documentation;
- C. To obtain quality goods required by City Departments; and
- D. To provide a standardized system of purchasing for use by all City departments.

## **III. APPLICATION**

This policy applies to all procurements of supplies, services, and construction, entered into by the City of Stoughton after the effective date of this Policy. It shall apply to all expenditures of public funds by a City employee for City purchasing irrespective of the source of funds. When the procurement involves the expenditure of federal assistance or contract funds, the procurement shall be conducted in accordance with any mandatory applicable federal law and regulations. Nothing in this Policy shall prevent any City employee from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.

## **IV. VENDOR DISCOUNTS**

It is the policy of the City to take advantage of available vendor/trade discounts and government pricing when the available discount provides the lowest cost for the same quality.

## **V. NON-BUDGETED ITEMS**

All requested expenditures should be provided for in the current budget. However, purchases that have not been provided for in the current budget will require City Council approval, and Council action will be taken to provide corresponding budget transfers. The Department Head should notify the committee Chairperson of their reporting committee and provide written documentation regarding the expenditure. The Committee will then make a recommendation and provide the information to the Finance Committee at their next meeting to review the request and recommend necessary transfers.

## **VI. EMERGENCY PURCHASES OF NON-BUDGETED ITEMS**

Emergency purchases shall only be made to:

- A. Prevent delays in construction or delivery of essential services
- B. To stay an immediate threat to the health or safety of the public and employees.

For emergency purchases of non-budgeted items or services, the appropriate Department Head shall make every effort to obtain three quotes for the item. The purchase shall be approved by the City Finance Director and the Mayor prior to ordering the item. In the absence of the Finance Director or the Mayor, the purchase shall also be approved by the Council President prior to ordering the item.

## **VII. LOCAL MERCHANTS: For purchases up to \$15,000:**

Taking price, quality, performance and service into account, the City will first give reasonable consideration to local merchants whose price quotes are within 5% of outside merchants.

## **VIII. EMPLOYEE CONFLICT OF INTEREST**

It shall be unethical for any City employee to participate directly or indirectly in procurement contract if the City employee knows that:

- A. The City employee or any member of the City employee's immediate family has a financial interest pertaining to the procurement contract; or
- B. Any other person, business, or organization with whom the City employee or any member of the City employee's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement contract.

## **IX. POLICY**

The provisions of Wis. Statute 62.15 take precedence over any portion of this policy that may conflict. Public construction over \$15,000 shall be publicly bid.

## **X. RESPONSIBILITY OF THE FINANCE DIRECTOR**

- A. Ensure funds are available for purchases pursuant to the budget.
- B. Ensure the account is accurate in amount and a proper charge against the treasury.
- C. Ensure the goods or services were duly authorized by the designated responsible party.
- D. Provide a report of all expenditures to the Finance committee monthly.
- E. Review Purchase Orders for accuracy and completeness before approval.

## **XI. PURCHASING PROCEDURE**

- A. Purchases made by the City of Stoughton are grouped under the following categories:

1. **Purchases up to \$1000.00**

If the estimated price of an item is \$1,000 or less and is budgeted, the appropriate Department Head is authorized to purchase said item. A Purchase Voucher must be attached to the invoice and turned into the City Finance Director. The City Finance Director will review the invoice for proper account coding and authorization before payment is made.

2. **Purchases over \$1000.00 to \$5,000.00**

Purchase Authorization is required. For the purchase of a budgeted item involving an estimated expenditure of more than \$1,000 and less than \$5,000, the appropriate Department Head must make every effort to solicit enough quotes in order to receive at least two oral or written. If the lowest quote is not recommended by the Department Head, a report must be submitted to the City Finance Director stating the reasons for the recommendation. The quotes shall be approved by the Finance Director prior to ordering the item.

3. **Purchases over \$5,000 to \$15,000**

A Purchase Order is required. For the purchase of a budgeted item involving an estimated expenditure of more than \$5,000 and less than \$15,000, the appropriate Department Head must make every effort to solicit enough quotes in order to receive at least three. If the lowest quote is not recommended by the Department Head, a report must be submitted to the City Finance Director stating the reasons for the recommendation. The quotes shall be approved by the Finance Director and the Mayor prior to ordering the item.

4. **Purchases of \$15,000 or more not covered by section 62.15 or Wis. Statutes.**

Every effort must be made to send out enough bids or quotation requests in order to receive a minimum of three written quotes in order that the proper Council Committee can make a recommendation. Bids and quotations shall be opened and examined and a report shall be made to the appropriate Council Committee concerning the bids or quotations received. The report shall contain a recommendation concerning the bid to be accepted or rejected. If a bid other than the lowest bid or quotation is recommended, the report shall state the reasons for such a recommendation, which shall be forwarded to the City Council. Any project receiving only one bid shall be rebid unless it is approved by a three-fourths (3/4) vote of the Standing Council Committee. The City has the right to reject any and all quotes and/or bids.

5. **Public Construction over \$25,000.00**

All public construction in which the estimated cost exceeds \$25,000 shall be let by contract to the lowest responsible bidders. The bidding process shall incorporate the requirements in Section 62.15 and 66.0901 Wisconsin Statutes. Any project receiving only one bid shall be rebid unless it is approved by a three-

fourths vote of the Council. The City has the right to reject any and all quotes and/or bids.

6. **Change orders in Public Construction Contracts**

Whenever it is reasonably possible, a proposed increase in the cost of a public construction contract resulting from a change in the scope of the project shall be presented to the Finance Committee for recommendation to the Common Council for approval provided it will not result in a costly delay to the construction project. If the cost of delaying the project is prohibitive, the appropriate Department Head, the City Finance Director, and the Mayor shall approve change orders that are a result of a change in the scope of the project. The Common Council prior to final payment on the contract must approve all change orders.

B. A Purchase order is NOT REQUIRED for the following purchases:

1. Professional contracted service such as legal, architectural, engineering, auditing, maintenance contracts, and janitorial contracts. These expenditures are contracted and must have prior Council approval.
2. On-going Utility expenditures such as electricity, natural gas, and telephone services.
3. Payroll and related expenses such as employee insurance payments, pension payments and mandatory state and federal employee withholding. The City Finance Director will automatically charge the appropriate budget accounts.
4. Routine expenditures, such as insurance premiums, health claims and bond payments, which received prior Council approval and authorization. The City Finance Director will automatically charge the appropriate department budget account.
5. Large supply orders that are quoted at least annually. An example would be Street Department salt/sand purchases.

**XII. EMPLOYEE REIMBURSEMENTS**

An employee reimbursement form with the corresponding receipts attached, and appropriate Department Head authorization will be presented to the City Finance director for approval. The City Finance Director will verify the appropriate budget account numbers and amounts prior to payment being made.

**APPROVED BY THE COMMON COUNCIL: June 24, 2008**

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