



## **PURCHASING POLICY**

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#### **I. Authority**

These procedures are adopted pursuant to the authority of RSA 41:9.

#### **II. Purposes**

- A. To procure the necessary goods and services at the lowest possible price consistent with the quality needed in an efficient, timely and cost-effective manner.
- B. To guard against favoritism, improvidence, extravagance, fraud, and corruption and secure the best work or supplies at the lowest possible price practicable.
- C. To encourage, when appropriate as otherwise set forth herein, the most open, competitive purchasing process practicable with the objective of obtaining the maximum possible value while maintaining fair and equitable treatment of vendors.
- D. To increase efficiencies, wherever appropriate, through the consolidation and centralization of purchasing and payment functions.
- E. To encourage, whenever possible, the use of State contracts for goods and services, to the extent that such contracts will provide savings to the Town.

#### **III. Purchasing Agent**

- A. The person appointed by the Board of Selectmen as Finance Director shall serve as the Town's Purchasing Agent.
- B. The duties of the Purchasing Agent shall be as follows:
  - 1. To ensure, in so much as possible, that all purchases are made within the appropriations available, using the correct accounts established for such purposes.
  - 2. To ensure compliance with these Purchasing Procedures by the various Department Managers; and to bring violations to the attention of the Town Manager.
  - 3. To approve or deny all purchase order requisitions submitted by the Department Managers pursuant to these procedures.
  - 4. To issue supplements, guidelines, instructions, clarifications, forms, and other measures as may be necessary to implement these procedures.

5. To develop and coordinate a centralized acquisition process for the procurement of products that are purchased in large quantities and commonly used by the various Town departments.

#### **IV. Purchase Orders**

- A. All purchases in excess of one hundred dollars (\$100.00) shall require a purchase order to be signed by the Department Manager or designee and the Purchasing Agent or Town Manager prior to any Town financial obligation being incurred, except as otherwise exempted under Section VI.
- B. At a minimum, purchase orders shall include the following information:
  1. Vendor's name and address;
  2. Date the order is prepared;
  3. The quantity and quality of materials or services required;
  4. Description of materials or services required;
  5. Unit costs;
  6. Any extra charges such as freight, insurance, etc.;
  7. Payment terms related to discounts or deadlines when interest may be due;
  8. Budget account to be charged subject to Purchasing Agent's discretion..
- C. Prior to signing any Purchase order and issuing any payment, the Purchasing Agent will make sure that the Vendor has provided the Town with a signed W-9 form (for all expenditures of \$600 or more) and an insurance certificate if applicable for services to be provided.

#### **V. Competitive Bidding**

- A. There shall be no bidding requirement for Department Managers to make purchases of goods and services on behalf of the Town that are less than two thousand dollars (\$2,000.00); however, Department Managers are encouraged to seek the best possible price for the value of the purchase at all times.
- B. Department Managers shall be required to solicit a minimum of three (3) written or verbal quotations for purchases between two thousand dollars (\$2,000.00) and ten thousand dollars (\$10,000.00). Evidence of such efforts shall be submitted to the Purchasing Agent as part of a Purchase Order requisition. The Purchasing Agent (or Town Manager) may deny such requests for non-essential purchases that are not listed in the budget that is approved by the Board of Selectmen.
- C. Department Managers shall be required to obtain approval from the Board of Selectmen for all purchases of goods, materials, supplies, and contracted work in excess of ten thousand dollars (\$10,000.00) following the solicitation of sealed bids pursuant to the following procedures:
  1. Department Managers shall draft a set of bid specifications and other conditions for review by the Town Manager.

2. Upon approval of the Town Manager, sealed bids shall be publicly advertised (with a 14-day minimum notice) and may also be solicited by direct mailings or via email to qualified vendors.
  3. Bids shall be opened by the Board of Selectmen (or designee) in a public setting at a prescribed date, time and location.
  4. The Town Manager, in consultation with the Department Manager, shall submit a written request to the Board of Selectmen that summarizes the bid results and makes a recommendation for a bid award that includes identification of available funds. Note: In the event that the lowest bid is not recommended, a written explanation shall set forth the specific reasons for this conclusion.
  5. Upon approval and authorization by the Board of Selectmen, the Town Manager may enter into a contractual agreement on behalf of the Town under such terms and conditions as deemed acceptable to the Selectmen. The Town Manager shall also be responsible for notifying bidders that were not selected and for retaining all submittals for public inspection as otherwise required by law.
- D. At a minimum, written bid specifications shall include the following information:
1. A statement which reserves the Town's right to accept or reject any and all bids, negotiate any contract terms, consider any product substitutions and waive any informalities in the bid process as may be in the best interests of the Town.
  2. A statement that late bids or bids submitted by fax or electronic means will be rejected.
  3. A statement that identifies the basis of the bid award, especially if the lowest responsible price is not the sole consideration.
  4. A request for at least three (3) municipal references.
  5. A process for issuing addendums and responding to bidder inquiries.
- E. Department Managers shall be required to obtain approval from the Board of Selectmen for all professional services, (including, but not limited to engineers, plumbers, electricians, scientists, architects, IT firms, surveyors, auditors), in excess of ten thousand dollars (\$10,000.00) by requesting proposals (RFP's) pursuant to the following procedures:
1. Department Managers shall draft a set of scope of services and other service contract conditions for review by the Town Manager.
  2. Upon approval of the Town Manager, requests for proposals shall be publicly advertised (with a 14-day minimum notice) and may also be solicited by direct mailings and via email to qualified professionals.
  3. Proposals that are received shall be reviewed by the Department Manager, the Town Manager and others as may be necessary, to include a process of selecting finalists and/or requiring supplemental presentations if applicable.

4. The Town Manager, in consultation with the Department Manager, shall submit a written request to the Board of Selectmen that summarizes the proposal results and makes a recommendation for a contract award that includes identification of available funds.
  5. Upon approval and authorization by the Board of Selectmen, the Town Manager may enter into a contractual agreement on behalf of the Town under such terms and conditions as deemed acceptable to the Selectmen. The Town Manager shall also be responsible for notifying participants that were not selected and for retaining all submittals for public inspection as otherwise required by law.
- F. At a minimum, RFP's shall include the following information:
1. A statement which reserves the Town's right to accept or reject any and all proposals, negotiate any contract terms, and waive any informalities in the RFP process as may be in the best interests of the Town.
  2. A statement that indicates the factors to be considered in awarding a contract shall consist of professional qualifications, previous experience in related projects, quality of the proposal, ability to complete the project in a timely manner, fees and other relevant criteria deemed necessary.
  3. A request for at least three (3) municipal references.
- G. It shall be a violation of these policies to split purchases or service contracts provided by the same vendor into separate invoices for the purposes of avoiding the terms and conditions of these procedures.

## **VI. Exemptions**

- A. The following purchases may be exempted from competitive bidding, RFP and/or Purchase Order requirements upon approval by the Town Manager for expenditures of ten thousand dollars (\$10,000.00) or less, or upon approval by the Board of Selectmen for expenditures of more than ten thousand dollars (\$10,000.00):
1. Items acquired using a State bid purchase price;
  2. Emergency repairs and/or acquisitions where a delay would have an immediate adverse impact on public safety;
  3. Payments to human service agencies that have been specifically appropriated by the voters;
  4. Welfare payments;
  5. Bulk goods of a recurring nature or items acquired under a centralized purchasing program as may be approved by the Purchasing Agent;
  6. Items that have a proprietary exclusion or a sole source vendor;
  7. Expenditures made in accordance with the terms and conditions of a grant or contractual agreement that has been approved by the Board of Selectmen; such as the RFQ solicitation process, change orders, fee increases, etc.;

8. Parts and/or supplies that are purchased from a manufacturer's authorized service provider in order to maintain or repair equipment and vehicles.
  9. Parts and/or services provided by a previously selected and Board of Selectmen-approved technician or tradesman, (Town Carpenter, Town Plumber, Town Electrician, etc.).
- B. Notwithstanding any state or federal law to the contrary, the Board of Selectmen may waive any provision(s) of these procedures or impose more stringent requirements as they deem to be in the Town's best interests.

## **VII. Special Conditions**

- A. Pursuant to RSA 447:16, any contractor engaged by the Town for the purposes of the construction, repair or rebuilding of public buildings, public highways, bridges or other public works contracts of one hundred twenty-five thousand dollars (\$125,000) or more, may be required to provide the Town with sufficient security, by bond or otherwise, in an amount equal to at least 100 percent (100%) of the contract price, or of the estimated cost of the work if no aggregate price is agreed upon, conditioned upon the payment by the contractors and subcontractors for all labor performed or furnished, for all equipment hired, including trucks, for all material used and for fuels, lubricants, power, tools, hardware and supplies purchased by said contractor and used in carrying out said contract, and for labor and parts furnished upon the order of said contractor for the repair of equipment used in carrying out said contract.
- B. The Town reserves the right to require a specific amount of retainage, not to exceed ten percent (10%) per invoice, to be withheld from payment for any contract with a value in excess of ten thousand dollars (\$10,000.00) for such period of time as may be necessary to ensure completion of the project in accordance with the contract specifications.
- C. The Board of Selectmen expressly reserves for itself, exclusively, the authority to procure legal services using Town funds. All requests for legal opinions shall be submitted in writing to the Town Manager, (to be shared with the Board of Selectmen along with responses), using such attorneys as may deemed acceptable to the Board.
- D. All purchases made by Town employees shall require a signed authorization by a Department Manager (or designee) in order for an employee to be eligible for reimbursement by the Town for any purchase made using their own funds on behalf of the Town. (Department Managers will need to get signed approval from the Purchasing Agent or Town Manager for such reimbursements.)
- E. A Department Manager and/or Town Manager may, when necessary, hold a bidders' conference to better acquaint potential vendors with the objectives and processes desired by the Town, and to address any special concerns, questions or request for exceptions that may arise.
- F. All expenditures that are to be paid from a capital reserve fund or trust fund shall require pre-approval from the Board of Selectmen, (unless some other public body is lawfully recognized as the agent to expend), except for purchases that are five hundred dollars (\$500.00) or less, in which case the Department Manager must obtain

pre-approval from the Town Manager and such purchases shall be subject to after-the-fact review and approval by the Board of Selectmen as part of its manifest process.

#### **VIII. Town-Issued Credit Cards**

- A. Department Managers may be authorized to use a Town credit card upon issuance approved by the Town Manager. The use of these credit cards is subject to the following terms and conditions:
1. Credit cards shall be in the name of the Town of Gorham, with the authorized employee's name embossed on the card as well.
  2. Credit card purchases shall be subject to all of the spending requirements and limitations as set forth in these Purchasing Procedures. In addition, the spending limit shall be set at seven thousand five hundred dollars (\$7,500.00) per billing period.
  3. Credit cards may be used for Town purchases only. They shall not be used under any circumstances for personal purchases or cash advances.
  4. Employees are responsible for the security of their credit card. All precautions shall be used to maintain confidentiality of the account number, security codes and expiration date of the credit card. Employees shall notify the Purchasing Agent immediately upon discovery of a lost or stolen credit card, in which case they shall not be personally liable for any unauthorized purchases made with the card; however, employees may be personally responsible for unauthorized purchases resulting from inadvertence, carelessness, or intentional misuse.
  5. Employees must ensure that the use of a credit card for telephone or internet purchases is secure and from a reputable company. Do not use a Town issued credit card if there is any doubt about the validity of the transaction.
  6. Credit cards may be used to purchase goods and services and for travel expenses, (not including fuel for a personal vehicle), provided that the expenditures have been budgeted and are otherwise allowable.
  7. Credit cards shall not be used to purchase any items that are not otherwise eligible for reimbursement as set forth in the Town's Personnel Policies (Section III, page 10: Reimbursable Expenses). In addition, merchants should be informed of the Town's tax-exempt status to avoid charges for taxes to the greatest extent possible.
  8. Original receipts for credit card purchases shall be forwarded to the Purchasing Agent as soon as practical with a notation of the credit card used and the account to be charged. Lost or missing slips must be reported immediately. Employees may be held personally responsible for interest charges attributable to their failure to provide the Town with a timely receipt.
  9. In the event that an item purchased with a credit card must be returned or exchanged, it shall be the responsibility of the card holder to ensure a proper

credit is issued and copies of such documentation are provided to the Purchasing Agent. Under no circumstances should a cash refund be accepted when a credit card was used for the initial purchase.

10. Credit card statements shall be mailed directly to the Finance Department for reconciliation and payment purposes. The Town will not pay for charges that are not verified by a receipt. Although the Purchasing Agent may attempt to track down missing receipts as a courtesy on behalf of the Town, it is the responsibility of the Department Manager who authorized a charge to make sure receipts are provided for every transaction.
- B. Notwithstanding any legal rights available to the Town pertaining to the misuse of Town funds, the failure to comply with these terms and condition for the use of a Town issued credit card may result in disciplinary action, collections proceedings, and/or loss of credit card privileges as may be determined by the Town Manager.
- C. Credit card holders shall be required to sign an acknowledgement that they have read and understand this credit card policy along with a receipt to indicate acceptance of the Town-issued credit card.
- D. A card holder must immediately relinquish their credit card upon demand of the Town Manager or upon notice of pending separation of employment, whether voluntary or otherwise.
- E. Employees below the rank of Finance Director, may be authorized to have a Town credit card issued in their name as a result of extenuating circumstances related to their specific job responsibilities, subject to these same terms and conditions, upon approval by the Board of Selectmen.

#### **IX. Payment Policies**

- A. Payments to be made by the Town of Gorham for purchases that are subject to these procedures shall require original invoices or receipts that are either accompanied by a copy of a signed Purchase Order or approved under signature of the Department Manager (or designee) with a list of accounts to be charged. Payments shall not be authorized using statements unless previously authorized by the Purchasing Agent.
- B. Department Managers shall be responsible to review invoices and receipts for accuracy. Invoices and/or receipts (along with statements to be used for reconciliation purposes) shall be forwarded to the Finance Department in a timely manner, but no less frequently than once a week or within seven (7) days of receipt, whichever comes first.
- C. The Finance Department shall produce a manifest of payments to be made for review and approval by the Board of Selectmen at their convenience.
- D. Upon approval of the manifest by a quorum of the Board members, the Finance Department shall issue checks for signature by the Treasurer (or Deputy Treasurer) and distribute them in a timely manner. In the event that any Selectman has a question or concern about an item on the manifest, he/she may request that payment be withheld until (1) the issue is resolved to the satisfaction of that Selectman, or (2)



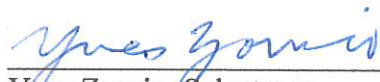
the payment is approved by a vote of the Board of Selectmen at a duly posted public meeting as otherwise allowed by law.

- E. Contractual payments required on a more frequent basis that deviates from the bi-weekly manifest process may be made based upon a defined procedure approved by the Board of Selectmen.
- F. Emergency payments may be made if deemed necessary by the Town Manager, subject to notification and approval of the Selectmen.

Policy Adopted on January 9, 2023 by:

  
Michael Waddell, Chairman

  
Judith LeBlanc, Vice-Chairman

  
Yves Zornio, Selectman