

CITY OF SOCORRO

PURCHASING POLICY

MANUAL



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PURCHASING POLICIES AND PROCEDURES

It is the City of Socorro's (the City) policy to institute controls on authorized spending for materials, supplies and services through the administration of the purchasing system and to describe the levels and limits of individual responsibility and authority and to conduct business activities in such a manner as to foster public confidence in the integrity of the City.

No obligation shall be incurred nor shall any invoice be paid unless the procedures included in this document are adhered to completely. Purchases made in a manner not in accordance with these will be the financial responsibility of the person who made the purchase. Purchases shall be in accordance with each department's budgetary requirements which means that each department will verify that sufficient unencumbered funds exist in the account code to be charged prior to obligating the City's funds.

In addition, the City of Socorro adheres to all State of Texas laws and regulations as set forth in the State of Texas Local Government Code ("LGC"). **Violation of this policy will be reviewed on a case by case basis and may result in disciplinary action up to and including termination.**

This policy supersedes all previous policies and is effective upon approval of the Mayor and Council.

GENERAL GUIDELINES FOR ACQUISITION OF GOODS AND SERVICES

This policy imposes specific guidelines for purchases involving expenditure of less than \$50,000. These guidelines must be followed. However, for most all purchases exceeding \$49,999.99, the following procedure applies:

Generally, the City is required to follow the bidding or proposal procedures outlined in Local Government Code Chapter 252 when it plans to make an expenditure of more than \$50,000 in the City's funds. This requirement is equally applicable to purchases of insurance and high technology items.

The City may not avoid the application of competitive bidding or proposal laws by purposely dividing a single purchase into smaller components so that each component purchase is less than \$50,000. Chapter 252 of the Local Government Code prohibits the use of "separate, sequential, or component purchases" as a means of avoiding bidding requirements. The City may purchase items without competitive bidding if the total purchase amount will be below the \$50,000 threshold that requires bidding. However, if the city later wants to make additional purchases and these purchases would take the total purchase over the \$50,000 threshold, the city should follow competitive purchasing procedures as if the purchase exceeds \$50,000.

Caution should be exercised if individual City departments make separate purchases of office supplies, gasoline or other items without competitive bidding because each department's purchase amount will be below the \$50,000 threshold that requires bidding. If a city's total purchases for these items would be over the \$50,000 threshold, the city should use competitive purchasing procedures applicable for purchases over \$50,000.

To take bids or proposals on a purchase, the City must first publish notice of the time and place at which the bids or proposals will be publicly opened and read aloud. The City should prepare specifications detailing the requirements that must be met by the goods or services which the City intends to purchase. The published notice should include either a copy of these specifications or information on how a bidder may obtain a copy of the specifications. The City must publish a notice indicating the time and place at which the bids or proposals will be publicly opened and read aloud. The notice must be published at least once a week for two consecutive weeks. The first publication must appear before the 14th day before the date that the bids or proposals are publicly opened and read aloud. The notice must be placed in a newspaper that is published in the City. If there is no newspaper published in the City, the notice must be published in a newspaper of general circulation in the City and posted at City Hall and on the City's website for 14 days before the date that the bids or proposals are publicly opened and read aloud.

If the City wishes to consider factors other than price in its selection, or other factors such as a bidder's previous performance or safety record in its selection, the City's bid specifications should clearly state that such factors will be considered. Also, the governing body of the City that is considering using a method other than competitive sealed bidding (e.g., competitive sealed proposals) must determine before notice is given the method of purchase that provides the best value for the City.

The City Council must then award the contract to the lowest responsible bidder or (if previously noticed) the bidder that provides the best value to the City. In the alternative, the City may reject all bids.

PURPOSE

The purpose of this policy is to:

1. To establish a comprehensive purchasing system in order to obtain maximum economy and utilization of services, products, supplies, capital goods and related purchases;
2. To fix levels of responsibility and approvals for the expenditures of funds for such purchases;
3. To effect the greatest possible economy within the limits of acceptable specifications through competitive and quantity purchasing;
4. To afford an opportunity for consideration of the largest possible number of products within the limits of acceptable specification of an equitable basis; and
5. To provide a method of selecting services on a comparative basis.
6. To establish the procedures necessary to properly implement this purchasing policy.
7. To establish a method to match and reconcile actual purchase orders to actual invoices processed for disbursement.

PURCHASING ETHICS

All City staff engaged in procurement for the City shall comply with the following ethical standards:

1. **Personal Gain** – it shall be a breach of ethics to attempt to realize unauthorized personal gain through employment with the City or by any conduct inconsistent with the proper discharge of the employee's duties.
2. **Influence of a Public Employee** – it shall be a breach of ethics to attempt to influence any public employee of the City to violate the standards of conduct set forth by the City.
3. **Participating in Procurement with Family or Friends** – it shall be a breach of ethics for any employee of the City to participate directly or indirectly in a procurement for the City when the employee knows that:
 - a. The employee or any member of the employee's immediate family had a financial interest pertaining to the procurement;
 - b. A business or organization in which the employee, or any member of the employee's immediate family, has a financial interest pertaining to the procurement; or
 - c. Any other person, business or organization with which the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment involving the procurement.
 - d. On an annual basis, employees will disclose any relationships that exist with vendors that are family members to the third degree of consanguinity that are engaged in financial dealings with the City. This will include, child, parent, grandchild, sister, brother, grandparent, great-grandchild, niece, nephew, aunt, uncle or great grand-parent.
4. **Gratuities / Kickbacks** – The following prohibition against gratuities and kickbacks shall be set forth in every contract and solicitation:

The City may at any time, without prior notice, terminate this Contract without any further responsibility to Contractor if any gratuities, whether in the form of entertainment, gifts, employment or otherwise, were offered or given by the Contractor or any agent or representative thereof to any employee, official, or representative of the City with a view toward securing favorable treatment with respect to the entry into or performance of this Contract.
5. **Confidential Information** – it shall be a violation for any employee of the City to knowingly use confidential information for actual or anticipated personal gain, or for actual or anticipated gain of any person.

6. **Private Purchases Through City Facilities** – no employee may use the purchasing power of the City to make private purchases.

TAX EXEMPT STATUS

The City is exempt from Federal, State, and Local taxes except in certain prescribed cases. An exemption certificate is available from the Finance Department and shall be furnished to any of the City's suppliers upon request.

SIGNATURE AUTHORITY

A Purchase Requisition or Purchase Order shall not be considered complete until signed by the proper authority. Generally, this will be the Department Head. Should the Department Head not be available the City Manager or his/her designee may sign the Purchase Order.

1. Purchase Requisitions:

- A. **AUTHORIZE:** The Department Head of each department (electronically submitted).
- B. **APPROVAL:** The Finance Director. The Accounting Technician, not involved with the accounts payable function, will approve requisitions in the absence of the Finance Director.
- C. The same authority MAY NOT authorize AND approve Purchase Requisition.
- D. All supporting documentation such as quotes for items or services being requested must be attached to the electronic requisition.
- E. Quantity amount and actual description must be stated in the Purchase Requisition.

2. Purchase Orders:

- A. **APPROVAL:** The City Manager or his/her designee.

3. Payment Checks:

- A. **APPROVAL:** City Manager and Department Heads officially designated as signatories.

PROCEDURES

The following prescribed procedures shall be established to provide for the proper control for purchases and/or contracts. Approval of all purchase requisition for expenditures over \$5,000 will be done by an authorized individual as approved by council. The same person cannot authorize and approve the purchase requisition.

1. Purchase Requisitions

Except as provided in Section 4, Further Exceptions to Purchase Requisition, purchases in excess of \$5,000 of goods and services require the completion of an electronic Purchase Requisition.

2. Responsibilities of the Department

- A. Department heads or their designated employee must submit an electronic purchase requisition to the Finance Department for approval. The Finance Director will generate the purchase order upon approval and confirmation that sufficient unencumbered funds are available for the stated category of purchase. Once the requisition is scrutinized for appropriateness and verified to be within budget parameters, a purchase order will be generated. The printed purchase order will serve as the approval of the electronic purchase requisition.
- B. Once the purchase order is verified and approved by the proper authority, copies of the signed purchase order will be distributed to the requestor.
- C. The Department Head or designated individual will be responsible for acknowledging the receipt of Purchase Order number before making any purchase of merchandise or service. The vendor's invoice or receiving receipt must reflect the Purchase Order Number for the purchased amount of goods or service received.
- D. The Department Head or designated individual will inspect the merchandise delivered or picked up and will prepare the appropriate receiving report to be submitted to the Finance Department with the copy of purchase order and original receipt to properly process payment to that vendor the day after merchandise or service is delivered or picked-up. The Department Head or designated individual will give the original receiving receipt or invoice to the Finance Department the next working day.
- E. Department Heads or designated individuals shall be responsible for planning ahead and making sure a Purchase Order Number has been received before any purchase is made. Purchase requisitions must be submitted with enough time to be processed in the Finance Department.

3. Levels of expenditure

PURCHASES LESS THAN \$5,000

Purchase Requisitions and Purchase Orders are not required for purchases less than \$5,000. Purchases made that are less than \$5,000 may be made by Department Heads or their representative designees, without further approval of the Finance Department.

The Department Head will be responsible to ensure that a sufficient unencumbered balance is available in their respective budget balance for all such purchases. On a weekly basis, the Finance Department will print and distribute a Budget to Actual Report with additional detail of the underlying transactions to each Department Head.

A Purchasing Card will be made available to certain approved employees in order to facilitate the acquisition of goods and services. The Purchasing Card Procedures in Section 7 will be strictly enforced.

In cases where individual purchases will be for \$3,000 to \$5,000 the procedures in Section 252.0125 of the Local Government Code delineate the quotation process which must be followed regarding Historically Underutilized Businesses, as follows:

A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to chapter 2161, Government Code. Please see mycpa.cpa.state.tx.us/tpasscmlsearch/index.jsp for HUB search.

- A. Each Department Head will identify purchases that will be included in these parameters and will exercise due diligence to ensure that the City is receiving the best value.
- B. The Department Head or his/her designee places the order using either the City's Purchasing Card or requesting an invoice for the supplies, material, equipment or contractual services involved.
- C. The Department Head will be responsible for and establish procedures to ensure proper receipt of these goods and will forward to the Accounts Payable technician any packing slips used to verify goods received.
- D. If a Purchasing Card was used, the department will attach the invoice, packing slip and/or itemized original receipt for submittal with the "Purchasing Card Processing Form" within 2 working days of receiving the goods or services. It is incumbent upon the department to generate or request receipts of sufficient detail to clearly indicate what was purchased. The form must be completed in its entirety which will include a section for the Department Head's signature and date, account number – Fund, General Ledger Code, City Department Code, Grant Program, and Function, and any special instructions required.
- E. If the department is to be invoiced, the invoice will be stamped using the "Accounts Payable Processing Stamp" that will need to be completed in its entirety by the department. This will include a section for the Department Head's signature and date, account number – Fund, General Ledger Code, City Department Code, Grant Program, and Function, and an indication of authorization to pay the invoice along with any special instructions required.

PURCHASES BETWEEN \$5,000 AND \$24,999:

Purchases of goods or services between \$5,000 and \$24,999 must follow this procurement process:

- A. Solicit three (3) competitive quotes for the goods or services AND complete the Bid Quote and Comparison Worksheet. Section 252.0125 of the Local Government Code delineates the quotation process which must be followed regarding Historically Underutilized Businesses, as follows:

A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based

on information provided by the comptroller pursuant to chapter 2161, Government Code. Please see mycpa.cpa.state.tx.us/tpasscblsearch/index.jsp for HUB search.

- B. Review each quote for the best overall value. Best overall value can be determined by (i) the purchase price, (ii) the reputation of the bidder and the bidder's good or services, (iii) the quality of the bidder's goods or services, (iv) the extent to which the goods or services meet the City's needs, (v) the bidder's past relationship with the municipality, (vi) the impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities, (vii) the total long-term cost to the City to acquire the bidder's goods or services, and (viii), any other relevant criteria specifically listed in the request for bids or proposals. While best overall value is not solely determined by price, the lowest bid should be recommended, unless you can show that a higher bid provides the best overall value based on the foregoing factors, which must be listed in the bid specifications if they are to be considered. Note that you will need to retain all quotes for Fiscal Year End + 3 years. See also on page 20, Cooperative Purchasing.
- C. Prepare a brief recommendation for the record to support the purchase.
- D. Submit electronic purchase requisition and submit to Finance Director.
- E. Once a Purchase Order is approved, proceed to ordering goods and services.
- F. Once you receive your goods and/or services, sign off on packing slip and forward the packing slip/receipt to AP.

PURCHASES BETWEEN \$25,000 AND \$49,999:

Purchases of goods or services between \$25,000 and \$49,999 must follow this process:

- A. Solicit three (3) competitive quotes for the goods or services AND complete the Bid Quote and Comparison Worksheet. Section 252.0125 of the Local Government Code delineates the quotation process which must be followed regarding Historically Underutilized Businesses, as follows:

A municipality, in making an expenditure of more than \$3,000 but less than \$50,000, shall contact at least two historically underutilized businesses on a rotating basis, based on information provided by the comptroller pursuant to chapter 2161, Government Code. Please see mycpa.cpa.state.tx.us/tpasscblsearch/index.jsp for HUB search.

- B. Review each quote for best overall value and select top three (3) quotes and conduct basic comparative analysis. Best overall value can be determined by (i) the purchase price, (ii) the reputation of the bidder and the bidder's good or services, (iii) the quality of the bidder's goods or services, (iv) the extent to which the goods or services meet the City's needs, (v) the bidder's past relationship with the municipality, (vi) the impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities, (vii) the total long-term cost to the City to acquire the bidder's goods or

services, and (viii), any other relevant criteria specifically listed in the request for bids or proposals. While best overall value is not solely determined by price, the lowest bid should be recommended, unless you can show that a higher bid provides the best overall value based on the foregoing factors, which must be listed in the bid specifications if they are to be considered. Note that you will need to retain all quotes for Fiscal Year End + 3 years. See also on page 20, Cooperative Purchasing.

- C. Forward your recommendation along with at least three (3) quotes to the City Manager for approval.
- D. The City Manager will make the recommendation to City Council.
- E. Once recommendation has been approved by City Council, submit an electronic Purchase Requisition to Finance Director. The Requisition must include the City Council meeting date and agenda item number where the purchase was approved on the notes.

PURCHASES OVER \$50,000:

Provisions of the Texas Local Government Code shall be the governing authority for purchases over \$50,000. A bid or request for proposal must be submitted. The following process must be followed:

- A. Obtain approval from the City Manager to proceed with the sealed bid process.
- B. The specifications and bid notice shall be prepared, reviewed and signed off by the City Manager. Whenever possible the "Best Value" procurement method described in Chapter 252.043(b) of the Texas Local Government Code shall be used.
- C. The bid or RFP shall be advertised in a newspaper of general circulation a minimum of twice in a 14 day period. The originating department shall notify the City Clerk's Office of the advertisement, the type of bid or proposal, the closing date for responses and the name of a knowledgeable contact. A complete copy of the bid/RFP package must be filed with the City Clerk's Office.
- D. The closing date and time for the bid or RFP shall be clearly listed in the specifications and is final. Responses received after the closing date and time shall be returned to the proposer unopened.
- E. If an amendment to the specifications or an extension of the closing date and time for the bid or RFP is required it shall be made prior to the second advertisement being printed and included in the second advertisement.
- F. The City may provide by Charter or Policy for bidding threshold of less than \$50,000, but the City may not provide a higher threshold for bidding than is permitted under state law.

- G. Before making such purchases, the City must prepare specifications detailing the requirements for the goods and services, which the City proposes to purchase, and publish bid notice of time and place at which the bids or proposals for the specified goods and services, will be publicly opened and read aloud.
- H. If the City wishes to consider factors other than price in its selection, such as best overall value, the City's bid specification should clearly state that such factors will be considered. Best overall value can be determined by (i) the purchase price, (ii) the reputation of the bidder and the bidder's good or services, (iii) the quality of the bidder's goods or services, (iv) the extent to which the goods or services meet the City's needs, (v) the bidder's past relationship with the municipality, (vi) the impact on the ability of the City to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities, (vii) the total long-term cost to the City to acquire the bidder's goods or services, and (viii), any other relevant criteria specifically listed in the request for bids or proposals. While best overall value is not solely determined by price, the lowest bid should be recommended, unless you can show that a higher bid provides the best overall value based on the foregoing factors, which must be listed in the bid specifications if they are to be considered. Also, if the City is considering using a method other than competitive sealed bidding (ie. competitive sealed proposals) the City Council must determine before notice is given the method of purchase that provides the best value for the City. See also on page 20, Cooperative Purchasing.
- I. Additional procedures and requirements may be required by state law for purchases involving more than \$50,000.00.
- J. Contracts for the services of architects, engineers, land surveyors, certified public accountants and other professions must be awarded using procedures provided in the Texas Professional Services Procurement Act. TEX. GOV'T CODE ANN. §2254.001 et seq. (West 2008 & Supp. 2011) (Professional Services Procurement Act). The selections of certain services are exempt from competitive bidding requirements under Texas law as a "professional service." TEX. LOC. GOV'T CODE ANN §252.022(a)(4) (West Supp. 2011); Op. Tex. Att'y Gen. No. JM-940 at 3 (1988), MW-344(1981). If there is not adequate time to publish RFQ for "professional services" as defined by this statute, the City Council may elect not to follow competitive bidding requirements.
- K. Except in the case of emergencies, defined as an unforeseen condition arising suddenly and unexpectedly, not caused by any neglect or omission which calls for immediate action. In an actual emergency, bidders or proposers shall have a minimum of 21 calendar days *except that in the event of extenuating circumstances this period may be reduced to 14 calendar days* from the date of first publication to respond to the bid or RFP.
- L. All responses to bids or RFPs shall be received by the City Clerk's Office where they will be date/time stamped and held un-opened. After the closing day and time for the receipt of proposals the City Clerk shall notify the originating department of the receipt of all bids or proposals and it shall be the responsibility of the department head to place the appropriate item on the agenda to open / award the responses.

- M. All responses shall be opened in public at the date and time stated in the specifications. Submitted bids or proposals are final and may not be altered. Vendors may, however, submit sealed alternate bids or proposals before closing time.
- N. Final award of a bid will be made by City Council to the lowest responsive bidder unless Council wishes to consider the location of the bidder's principal place of business as detailed in Section 271.905 of the Texas Local Government Code. In the event the City receives two or more bids that are identical in nature and amount, as the lowest and best bids, award shall be made pursuant to Section 271.901 of the Texas Local Government Code
- O. For an RFP, final award will be made to that response which best meets the stated selection criteria or, Council may direct that the City Manager conduct further negotiations with proposer(s).
- P. Council may table an award and direct staff to review and make recommendation to Council at another date.
- Q. Council may reject all bids or proposals and direct that new specifications be prepared and advertised.

Sole Source Vendor

Texas law provides for general exemptions to the procurement process. Please refer to Section 252.022 of the Texas Local Government Code. More specifically Section 252.022 (7-16) provides exemptions for sole source vendors as follows:

- (7) *a procurement of items that are available from only one source including:*
 - (A) *items that are available from only one source because of patents, copyrights, secret processes, or natural monopolies;*
 - (B) *films, manuscripts, or books;*
 - (C) *gas, water, and other utility services;*
 - (D) *captive replacement parts or components for equipment;*
 - (E) *books, papers, and other library materials for a public library that are available only from the persons holding exclusive distribution rights to the materials; and*
 - (F) *management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits;*
- (8) *a purchase of rare books, papers, and other library material for a public library;*
- (9) *paving drainage, street widening, and other public improvements, or related matters, if at least one-third of the cost is to be paid by or through special assessments levied on property that will benefit from the improvements;*
- (10) *a public improvement project, already in progress, authorized by the voters of the municipality, for which there is a deficiency of funds for completing the project in accordance with the plans and purposes authorized by the voters;*

- (11) *a payment under a contract by which a developer participates in the construction of a public improvement as provided by Subchapter C, Chapter 212;*
- (12) *a personal property sold:*
 - 1. *at an auction by a state licensed auctioneer;*
 - 2. *at a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code;*
 - 3. *by a political subdivision of the state, a state agency of this state, or an entity of the federal government; or*
 - 4. *under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391;*
- (13) *services performed by blind or severely disabled persons;*
- (14) *goods purchased by a municipality for subsequent retail sale by the municipality;*
- (15) *electricity; or*
- (16) *advertising, other than legal notices.*

A Sole Source Affidavit, exhibit C, must be completed and signed by the vendor seeking to enter into a business transaction with the City and wants to claim the sole source exemption.

4. Further Exceptions to Purchase Requisition

- A. Utility Payments - To be reviewed by the Finance Department.
- B. Payroll taxes - To be reviewed by The Finance Department.
- C. Debt Service Payments.
- D. Petty Cash Reimbursements.
- E. Unencumbered payments, not to exceed 10% of the approved purchase order, for invoices that have exceeded the authorized purchase order amount.
- F. Refunds of revenue.
- G. Payroll deduction remittances.
- H. Employee benefits remittances authorized by the Human Resources Department Head.

5. Completing the Purchasing Requisition Form.

- A. Effective with the adoption of this policy ALL departments shall utilize the electronic Requisition Form.
- B. Type of Requisition:
 - 1. **Regular** - Purchase Order # will generally be issued within 48 hours.
 - 2. **Emergency** - Purchase order # will generally be issued the same day. (An emergency is defined as an unforeseen condition arising suddenly and unexpectedly.)
- C. Travel in excess of a 100 mile radius of the City of Socorro, Texas must be approved by Council in advance during the adoption of the fiscal year budget. Travel which has not been identified and approved during the budgetary process will need approval by City Council before travel can take place; to exclude emergency travel. The City Manager has the

authority to approve emergency travel. Once approved, a purchase requisition must be generated by the department regardless of the amount involved (i.e. less than \$5,000). The individual is responsible for providing the Finance Department with a travel recap and all receipts. Reimbursement for expenditures in excess of those originally authorized by Council will require further Council approval before they may be paid.

D. Department Heads or their designees will review the Purchase Requisition form for completeness, accuracy and ensure that sufficient unencumbered funds are available.

E. Purchase Requisitions received by facsimile WILL NOT be accepted by the Finance Department for processing.

6. Open Purchase Orders:

A. Departments may opt to request an open purchase order to cover a year's worth of planned expenditures which are routine expenditures such as fuel and office supplies. All procedures required for a regular purchase order must be followed for issuance of a blanket purchase order, and;

1. The blanket purchase order may not exceed ***\$24,999, except for fuel and road materials***, without a current bid/RFP/RFQ award (except utilities). Road material purchases exceeding \$50,000 during any fiscal year must comply with competitive purchasing procedures requiring publication for bids.

2. Sufficient funds must be available to cover the entire purchase order amount.

7. Credit Card Purchases

A. Purchase Card Procedures and Policies

General

The Purchase Card is a purchasing tool that offers an alternative to the existing City's purchasing process. It is the intention of this policy to provide an extremely efficient and effective method of purchasing and paying for goods and services with a value of less than \$5,000. In most cases the Purchase Card will reduce the volume and nature of associated paperwork.

This policy describes the procedures for appropriate purchasing card use. Each card holder will sign a Cardholder Agreement, Exhibit B and in doing so consents to comply with program rules and regulations. A Purchase Card will be issued to an employee upon management approval and after the employee executes a signed agreement form. Upon receipt of the card, the employee should immediately sign the back of the card and keep it in a secure place.

The Purchase Card is issued to one employee only. It is prohibited for another person to use this card. As a cardholder, the employee is responsible for the appropriate use of City funds. Although the card is issued to the employee, it remains the property of the City and it may be rescinded at any time for any reason. The employee should use the card for the types of purchases described in the guidelines included below. Each employee should document any questions, suggestions or difficulties he/she or vendors have regarding the Purchasing Card program. Please notify the Program Administrator/Finance Director of any suggestions for changes and improvements.

As a cardholder, you will be asked to complete a cardholder agreement. By signing the agreement, you have agreed to adhere to the guidelines established in this manual. Please refer to Exhibit B for an example of the cardholder agreement. Most importantly, ***you are the only person entitled to use the card and the card is not to be used for personal use.*** As each Commercial Card is linked to a specific area number and individual employee, the card cannot be transferred from one employee to another. If you are moving to another area contact your Program Administrator for the necessary changes. You should be able to keep your card.

Upon receipt of your WellsOne Commercial Card, you will need to activate the account by calling the toll-free number printed on the card. For verification purposes, you will be asked to provide your unique ID, and other identification information. Although the card will be issued in your name, your personal credit history will not affect your ability to obtain a card. The company is responsible for payment of all purchases.

Limitations and Restrictions:

Your Manager has assigned limits to your card. There may be a single transaction limit placed on your card, which means your card will be declined if you attempt to purchase more than this set amount at one time. Do not split a purchase to avoid the single transaction limit. If you believe the single transaction limit will inhibit optimum usage of the Program, please discuss this with your Manager.

In addition to the single transaction limit, every cardholder has a total monthly dollar limit assigned to his/her account. If you believe your monthly limit to be insufficient for your requirements, please discuss this with your Manager, who should contact your Program Administrator. Your limit is replenished once per month on the Wells Fargo Commercial Card Expense Reporting (CCER) System.

The *WellsOne* Commercial Card Program also allows for Merchant Category blocking. If a particular Merchant Category is blocked (e.g., jewelry stores), and you attempt to use your card at such a merchant, your purchase will be declined. Management has made an effort to ensure that the vendors/suppliers used during the normal course of business are not restricted. If your card is refused at a merchant where you believe it should have been accepted, you should call Wells Fargo Business Purchasing Service Center at **1-800-932-0036** to determine the reason for refusal. Depending on the result of your inquiry, you may want to discuss the issue further with your Manager. He/she is empowered to advise the Program Administrator to modify the restrictions on your use of the Commercial Card.

Customer service assistance is available 24 hours/day, 7 days/week at **1-800-932-0036**.

Option 1: Automated options - balance, available credit, and recent transaction information

Option 2: Cardholder options

Sub-option 1: Lost or stolen card

Sub-option 2: Fraud or dispute resolution

Sub-option 3: Commercial Card Expense Reporting (CCER), including mobile

Sub-option 4: All other inquires

IMPORTANT: All requests for changes in limitations and restrictions must be made through your Program Administrator. Wells Fargo Bank will change existing cardholder restrictions only after a written request is received from the Program Administrator.

Lost or Stolen Cards:

You are responsible for the security of your card and any purchases made on your account. If you believe you have lost your card or that it has been stolen, **IMMEDIATELY** report this information to Wells Fargo Business Purchasing Service Center (BPSC) at **1-800-932-0036**. Immediately after reporting to the BPSC, you must inform your Program Administrator. **It is extremely important to act promptly in the event of a lost or stolen card to avoid company liability for fraudulent transactions.**

As with a personal charge card, you will no longer be able to use the account number after notifying the bank. A new card should be issued *within* 48 hours of notice to Wells Fargo Bank.

Account Maintenance:

If there's a need to change any information regarding your account, such as mailing address or expense accounting code, please contact your Program Administrator.

Purchasing Guidelines

The card program will not circumvent the City's purchasing rules and procedures. Instead, it is designed to streamline smaller purchases that are made on-site, via Internet, telephone, fax or mail.

Each employee is responsible for the security of the Purchase Card that he/she is issued and for the purchases made with it. Consequences for card misuse are severe, and penalties may include reimbursement of expenses, suspension of card privileges, or other disciplinary action up to and including termination.

In general, all legitimate business related expenses are eligible for purchase using the Purchase Card, and all non-business related purchases are ineligible. Employees in doubt over whether or not a purchase is eligible should contact their supervisor, Department Head, Purchasing Card Program Administrator/Finance Director for assistance in determining purchase eligibility BEFORE they decide to make a purchase.

Each employee's Purchase Card has been assigned an individual credit limit on the Department Head's approval. If that limit needs to be adjusted the employee may request an adjustment through the Department Head or City Manager. Written authorization is required before the Program Administrator can make any changes.

Conclusion

The purchasing card should be used responsibly. Since the card is issued in the employee's name, all purchases are assumed to be made by the employee. Each employee should be aware that improper use might result in disciplinary action, up to and including termination and criminal prosecution. The Department is encouraged to maintain a purchasing log, but the original sales receipts need to be forwarded to the Finance Office. Cardholders will be subject to random audits to verify that purchases and record keeping are in compliance with this policy.

8. Contracts

All written contracts, regardless of procurement methodology, require the approval of the City Manager and Finance Director. A copy of all contracts will be kept in the City Clerk's office. This includes but is not limited to agreements associated with office equipment and vehicles.

9. Receiving Purchases Requiring Receiving Reports

The Department Head or designated individual will be responsible for acknowledging the receipt of merchandise and/or services purchased. The Department Head or designated individual will inspect the merchandise delivered or picked up.

- A. Originals of the receiving report or invoice will be sent to the Finance Department and are to be used to signify actual receipt of the item(s). The Department Head or designated individual will deliver the original receiving receipt or invoice attached to the purchase order to the Finance Department by the next working day after receipt.
- B. The Department Head of the department initiating the purchase shall be responsible for verifying its receipt, the condition of the goods received and for notifying the Finance Department of any discrepancies, damage or back-orders that would affect payment to the vendor.
- C. The Finance Department will match the receiving report, and invoice to the Purchase Order.

- D. Upon receiving equipment (fixed asset over \$5,000.00) the Department Head shall complete a Fixed Asset Inventory Form and forward it to the Finance Department, who will issue inventory tags to all the departments. The Department Head will be responsible for affixing the inventory tag to the asset.

9. Processing of Invoices

All invoices are to be forwarded or sent directly to the Finance Department.

- A. When the proper documentation is received it shall be matched with the original purchase order and the original purchase requisition if required.
- B. If the invoice amount is greater than the purchase order, the Finance Department will process payment up to 10% of the original purchase order amount without having to issue another purchase order (unencumbered). If the difference between the invoice and purchase order amount is greater than 10% each Department Head is responsible for submitting a written request to Council to increase the purchase order prior to the invoice being paid OR returning the merchandise to the vendor for proper invoicing.
- C. Accounts Payable will process invoice for payment when the stated procedures have been followed. When approved, special event invoices will be paid within 5 days after receipt of the signed invoice and receiving report; a purchase order must be provided, if applicable.
- D. If the invoice submitted for payment is for goods or services from a Council approved contract, BID/RFP/RFQ award or utilities the request for payment shall be processed and a check issued to the vendor. The payment will be listed on the accounts payable list presented to council as an informational item.

11. Ratifications

Ratifications for the purchase of goods or services are prohibited unless a legitimate emergency or matter of public necessity exists. An emergency is defined as an unforeseen condition arising suddenly and unexpectedly, not caused by any neglect or omission, and which calls for immediate action. Lack of planning or preparation does not constitute an emergency.

12. Manual Checks

Manual checks shall be treated as an emergency expense. A purchase order will be issued along with the manual check. The purchase order must be attached to the invoice and must be submitted to the Finance Department the following work day.

13. Professional Service Agreements must be approved or authorized by City Council.

A "Request for City Council Agenda Item Form" must be completed and approved by council before any type of agreement is made, either verbal or written, for professional

services. Examples: Attorneys, Auditors, Land Surveyors, Architects, Interior Designers, etc.

When “Professional Services” are not required to be procured under the Professional Services Procurement Act procedures, the City Council may elect any procurement procedure authorized by Texas Law when time constraints make compliance with Request for Qualifications Process difficult or imprudent.

14. New vendor process

Vendors requesting to engage in business transactions with the City will need to adhere to the processes included in this policy. A Conflict of Interest Questionnaire Form (CIQ) and a W9 must be completed by each vendor before any business transactions can take place. The City employee requesting an addition to the vendor file will forward the completed forms to the Finance Director for input. A Vendor Identification Number will be issued by the Finance Director once the documentation is verified. The Finance Director will forward the CIQ form to the City Clerk for filing. The Accounts Payable clerk will file a copy of the CIQ and W9 form in the vendor file. Under no circumstances will the Accounts Payable Clerk issue a Vendor ID for any vendor. In the absence of the Finance Director, the Accounting Technician, not involved with the accounts payable function, will issue Vendor ID's.

ACCOUNTS PAYABLE LIST

A report of the accounts payable shall be submitted to Mayor and Council for **informational** purposes on a monthly basis.

CAPITAL EXPENDITURE REQUESTS

A purchase requisition form must be completed for each acquisition of equipment where the total cost is in excess of \$5,000.00 and has a life expectancy of year (1) or more years. Also, a purchase requisition form must be prepared for each capital renovation project. Acquisition is defined as either outright purchase or a lease or rental of equipment. Total cost is defined as equipment cost, applicable taxes, freight, and projected installation and/or renovation costs. The various components of the total cost should be shown as indicated on the purchase requisition.

Annually, each department shall submit a budget request detailing equipment and/or projects exceeding \$5,000 (five thousand dollars) in total cost and having a life expectancy of 1 (one) years or more. Each request must be supported by a needs assessment and a statement of benefits derived from the purchase of the equipment and/or completion of the project.

Cooperative Purchasing

Cooperative purchasing was created by legislation in 1979 for the benefits of providing volume purchasing power to local governments and assistance organizations in Texas while meeting competitive bidding requirements. The City can purchase through Cooperative agreements as follows: TxSmartBuy, Term Contract, TXMAS Program, Local Government Assistance, Region 19, BuyBoard and, TCPN.

Criminal Penalties and Removal

Section 252.062 of the Texas Local Government Code: CRIMINAL PENALTIES. (a) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Section 252.021. An offense under this subsection is a Class B misdemeanor. (b) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates Section 252.021, other than by conduct described by Subsection (a). An offense under this subsection is a Class B misdemeanor. (c) A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by Subsection (a) or (b). An offense under this subsection is a Class C misdemeanor.

Violation of the Purchasing Policy will lead to disciplinary action to include termination of employment.



Exhibit A

**CITY OF SOCORRO
BID AND QUOTE COMPARISON WORKSHEET**

Date:

Department:

Employee Name:

Brief Description of Purchase:

Step 1: Solicit a minimum of three (3) quotes or bids

	Company	Phone Number	Website/Email
Vendor #1			
Vendor #2			
Vendor #3			
Vendor #4			
Vendor #5			

Step 2: Review each quote or bid for best overall value

	Price	Availability (Meet timeline)	Previous Experience	Rank
Vendor #1				
Vendor #2				
Vendor #3				
Vendor #4				
Vendor #5				



CARDHOLDER USER AGREEMENT

You are being entrusted with a City of Socorro purchasing credit card, issued by Wells Fargo Bank. The card is provided to you based on your need to purchase materials for City of Socorro. It is not an entitlement nor reflective of title or position. The card may be revoked at any time without your permission. Your signature below indicates that you have read and will comply with the terms of this agreement.

1. I understand that I will be making financial commitments on behalf of City of Socorro and will strive to obtain the best value for City of Socorro.
2. I have read and will follow the Purchasing Policy Manual. Failure to do so could be considered as misappropriation of City of Socorro funds. Failure to comply with this Agreement may result in either revocation of my use privileges or other corrective action, up to and including termination.
3. I understand that under no circumstances will I use the Purchasing Card to make personal purchases, either for myself or for others. Using the card for personal charges could be considered misappropriation of City of Socorro funds and could result in corrective action, up to and including termination of employment.
4. I agree that should I violate the terms of this Agreement and use the Purchasing Card for personal use, City of Socorro shall have the right to deduct any amounts owed, including but not limited to charges incurred from collection agencies, internal administration costs, court costs, etc, from my paycheck or final paycheck.
5. The Purchasing Card is issued in my name. I will not allow any other person to use the card. I am considered responsible for any and all charges against the card.
6. The Purchasing Card is company property. As such, I understand that I may be periodically required to comply with internal control procedures designed to protect City of Socorro assets. This may include being asked to produce the card to validate its existence and account number.
7. If the card is lost or stolen, I will immediately notify Wells Fargo Bank by telephone at 800-932-0036 and the Program Administrator.
8. I will receive a monthly statement, which will report all purchasing activity during the statement period. Since I am responsible for all charges (but not for payment) on the card, I will reconcile the statement each month, make any coding changes to the expenses if needed, and resolve any discrepancies by either contacting the merchant or Wells Fargo Bank myself.

9: INFORMATION EXCHANGED BETWEEN CITY OF SOCORRO AND WELLS FARGO:

Information concerning your use of the Commercial Card, including details regarding each individual transaction, may be furnished by Wells Fargo to City of Socorro. Information concerning reimbursement received, employment status, and location may be furnished by City of Socorro to Wells Fargo.

10. I agree to surrender the Purchasing Card immediately upon termination of employment, whether for retirement, voluntary, or involuntary reasons.

Employee Name (Print)

XXXX-XXXX-0123-4771

Purchasing Card Account Number (Last 8 digits)

Employee Signature

Date



Exhibit C

FINANCE DEPARTMENT

SOLE SOURCE AFFIDAVIT

THIS IS AN OFFICIAL PURCHASING DOCUMENT – RETAIN WITH PURCHASE ORDER FILE

Before me, the undersigned official, on this day, personally appeared _____, a person known to me to be the person whose signature appears below, whom after being duly sworn upon his/her oath deposed and said:

1. My name is _____. I am over the age of 18, have never been convicted of a crime and am competent to make this affidavit.
2. I am an authorized representative of the following company or firm: _____.
3. The above named company or firm is the sole source for the following item(s), product(s) or service(s):

4. Competition in providing the above named item(s) product(s), service(s) is precluded by the existence of a patent, copyright, secret process or monopoly as stated under Section 252.022, Subchapter A of the Local Governmental Code 7A or as provided for under 7B-F of the same section. Also, attached hereto is a sole source letter, which sets forth the reasons why this Vendor is a sole source provider (dated and signed).
5. There is/are no other like item(s) or product(s) available for purchase that would serve the same purpose or function.

6. **Note: This Vendor understands that by providing false information on this Sole Source Affidavit, it may be considered a non-responsible Vendor on this and future purchases and may result in discontinuation of any/all business with the City of Socorro.**

Signature

SUBSCRIBED AND SWORN to before me on this _____ day of _____, _____.

NOTARY PUBLIC

PRINTED NAME

MY COMMISSION EXPIRES

COMPANY NAME: _____

ADDRESS, CITY, STATE & ZIP CODE _____

PHONE: _____ FAX NUMBER: _____

REVISED AND APPROVED BY THE CITY COUNCIL OF SOCORRO, TEXAS ON THIS
1st DAY OF June, 2017



Mayor Pro Tem Rene Rodriguez

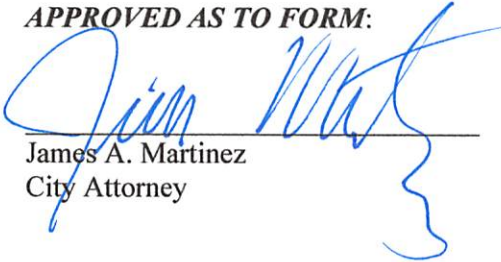
ATTEST:



Olivia Navarro
City Clerk



APPROVED AS TO FORM:



James A. Martinez
City Attorney