



TOWN OF HILLSBOROUGH

PERSONNEL POLICY

POLICY 408

CREATED 7/31/97

SUBJECT: PURCHASING

PURPOSE: This policy describes the processes used to procure materials, equipment and services.

STATEMENT OF POLICY:

Department Heads are responsible for the procurement of materials, equipment, supplies and services for their departments. This activity should be conducted in the most cost effective and efficient manner, consistent with Town requirements, schedules, and sound purchasing principles.

The general procedures are organized according to the value of the purchase.

Purchasing Procedures

Under \$150

The Department Head may use petty cash for purchases under \$150. Invoices must be signed by the Department Head or persons he or she authorizes to make purchases and submitted to the Finance Department.

\$150-\$5,000

When a budgeted purchase is valued at less than \$5,000, the Department Head has discretion to purchase the material, equipment or service. Each invoice for such items must be signed by the Department Head and submitted to the Finance Department for the vendor to receive payment by warrant. Department Heads should provide documentation of competitive quotes from three or more vendors, when submitting the invoice or request for encumbrance.

\$5,001-\$20,000

Non-public works projects and equipment budgeted purchases over \$5,000 and less than \$20,000 are subject to the approval of the City Manager. The City Manager may require such projects or purchases to be subject to a formal bid process. At minimum the Department Head must acquire three written quotes for the City Manager's review, before making the purchase.

\$20,001-\$30,000

Projects (other than public improvements) and equipment budgeted purchases over \$20,000 and less than \$30,000 are subject to a formal bid process and must be approved by the City Manager and Department Commissioner prior to the purchase being made.

Over \$30,000

Projects (other than public improvements) and equipment budgeted purchases over \$30,000 are subject to a formal bid process and must be approved by the City Council prior to the purchase being made.

Public Projects

In accordance with Public Contract Code, a competitive bidding process is required for all public projects valued over \$5,000, including improvements, painting or repair of public buildings, street, sewer or drainage work, or supplies for the same. The bid call must be published 10 days in advance of the opening of bids. The contract must be awarded by the City Council to the lowest cost responsible bidder.

Exceptions to the bidding process may be allowed when:

- a sole source vendor or standardization is deemed beneficial to the needs of the City, by the Council;
- an emergency exists affecting or threatening to affect public health, safety or welfare;
- specialized professional services are required;
- calling for bids on a competitive basis is impractical or impossible and approval is obtained from the City Manager;
- purchase is made from another government agency.

Unbudgeted Purchases

- *Under \$1000*

Provided the department has sufficient allocated funds available for an unbudgeted item, the Department Heads may approve the purchase. If a new allocation of funds is needed the purchase requires the City Manager's approval.

- *\$1,000 - \$7,500*

In the event the purchase of an item valued between \$1,000 and \$7,500 was not included in the adopted budget, the Department Head must obtain the City Manager's approval prior to making the purchase. A written justification will be required for all requests exceeding \$2,500.

- *Over \$7,500*

In the event the purchase of an item valued over \$7,500 was not included in the adopted budget, the Department Head must obtain the City Council's approval prior to making the purchase.

Encumbering Funds

Funds are encumbered by the Town of Hillsborough in anticipation of a invoice to be

received for a budgeted item. The Town's General Ledger will show the encumbrance as funds that are committed to a specific expense that has been incurred.

If an invoice for a purchase is to be received in the fiscal year following the date of the actual purchase, it is the Department Head's responsibility to provide a written request instructing the Finance Director to encumber funds for the purchase in the fiscal year that it was ordered or received. Failure to do so may result in the purchase appearing as an unfunded purchase in the following year, which is subject to the City Manager's and/or Council's review and approval.