

City of Lancaster



Purchasing Manual

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PURCHASING PROCEDURES

The purpose of these Purchasing Policies and Procedures is to provide guidance in the procurement of supplies, materials, equipment, and contractual services necessary to carry out the various activities of the City.

While it is necessary to procure the proper supplies and services required by the various activities of the City at the proper time and place, it is also necessary that the proper authorization be given for said procurement. It is essential that these supplies and services are obtained at the lowest and best price and that sufficient funds are available to ensure that, upon completion of the order or contract, the vendor will be paid promptly.

The intention of this Purchasing Manual is to make known the City's policies, rules, and procedures relating to the purchase of goods and services. This manual serves as an instrument for all government personnel engaged in the procurement process for the City of Lancaster to ensure that decisions are being made consistent with the City's policies.

GENERAL PROVISIONS

Efficient purchasing is a team effort, and with proper planning by all departments, exceptions to general purchasing procedures, as outlined in this manual, should be rare.

Adequate specifications, clearly expressed terms regarding quality and/or performance, and proper procedures prevent waste and ensure better relationships between vendor/contractors and our City government.

It is desirable that standard specifications for supplies and equipment be developed. Well-prepared specifications that describe each commodity will eliminate the possibility of misunderstandings regarding the physical characteristics of items to be purchased. Specifications must be definite and precise but must not be so rigid that they restrict an item to one supplier or brand and thus eliminate competition. In addition, specifications must be reviewed periodically to keep up with manufacturing or technological changes and the development of new or improved products.

AUTHORITY

The Third Class City Code have vested with the Mayor and City Controller the final authority on behalf of the City to approve purchases, award bids, and enter into contracts and agreements. The Bureau of Procurement was established within the Department of Finance to assist these officials with their procurement responsibilities by administering a centralized purchasing system.

The Procurement and Collection Office is headed by the Bureau Chief who serves as the principal purchasing official for the City. The Bureau Chief of Procurement and Collection is responsible for coordinating the procurement of

supplies, services, and construction in accordance with the Third Class City Code and all other applicable laws which the City is mandated to follow.

In pursuing the procurement function, the Bureau of Procurement and Collection shall adhere to the regulations set forth in this Purchasing Manual in accordance with the State and Municipal Codes and as may be further augmented by the Mayor.

ORGANIZATION FOR PROCUREMENT

BUREAU CHIEF OF PROCUREMENT—POWER AND DUTIES:

1. Purchase or contract for supplies, services, and equipment that are required by any user department in accordance with the purchasing procedures prescribed within this document.
2. Establish necessary regulations for the internal management and operation of the Bureau of Procurement and Collection, and other such rules and directives, as the Business Administrator shall prescribe.
3. Negotiate and recommend execution of contracts for the purchase of supplies, services, and equipment.
4. Act to procure, at the least expense to the City and in the needed quality and quantity, supplies, services, and equipment.
5. Endeavor to obtain as full and open competition as possible on all purchases.
6. Prepare and recommend to the Business Administrator revisions to the Purchasing Manual.
7. Prepare and publish, for the guidance of City departments, the rules governing the purchase of supplies and equipment.
8. Keep informed of current developments in the field of purchasing, including prices, market conditions, and new products.
9. Prescribe and maintain such forms as are reasonably necessary to carryout operations under these policies, rules, and procedures.
10. Supervise the inspection of all supplies, services, and equipment to guarantee conformance with specifications.
11. Recommend the transfer of surplus or unused supplies and/or equipment between departments as needed and the sale of all supplies that cannot be used by any department that are of no use to the City.
12. Maintain a bidder's list, vendor catalog file, and records needed for efficient operation of the Bureau of Procurement.

PURCHASING THRESHOLDS

There are three major dollar thresholds to be taken into consideration when determining the type of transactions to be used when procuring goods and/or services on behalf of the City of Lancaster.

1. Purchases less than \$3,000.00. These purchases do not require a written purchase order.
 - a. Purchases up to \$25.00
Each Bureau has a petty cash fund specifically for the use of incidental purchases. The end user is responsible for obtaining purchase

documentation from the vendor to support all purchases. Acceptable supporting documentation includes original sales documents, packing slips, invoices, cash register tapes, credit card slips, etc. and must show the item, quantity, and unit cost of the purchase. In addition to obtaining the supporting documentation, the details of the purchase must be recorded on the Petty Cash Report.

b. Purchases between \$25.01 and \$2,999.99

The end user is permitted to make purchases in this category without a Purchase Requisition or a Purchase Order. Because the category requires no review or approval prior to purchase, you are encouraged to always use your best, sound judgment when expending public funds. If you are uncertain about the validity of the purchase, you may contact the Procurement and Collection Office for assistance.

In order for payment to be made on this category of purchase, completed Payment Vouchers are forwarded directly to Accounts Payable for payment. The end user is responsible for obtaining purchase documentation from the vendor to support all purchases made between \$25.01 and \$2,999.99. Acceptable supporting documentation includes original sales documents, packing slips, invoices, cash register tapes, credit card slips, etc. and must show the item, quantity, and unit cost of the purchase.

2. Purchases between \$3,000.00 and \$10,000.00 that require a written purchase order

a. Purchases from \$3,000.00 to \$4,999.99

For all purchases in this category, except Sole Source purchases, purchases made from State Contract, County Co-op Contract, or any other approved Co-op, a minimum of three (3) quotes must be obtained. Purchase information, along with the alternate vendors, must be entered into the New World Systems Financial Procurement module. Purchases in this category require the approval of the appropriate Bureau Chief, Director or Mayor, Bureau Chief of Procurement and Collection, City Controller and Purchasing Coordinator.

b. Purchases from \$5,000.00 to \$9,999.99

For all purchases in this category, except Sole Source purchases, purchases made from State Contract, County Co-op Contract, or any other approved Co-op, a minimum of three (3) quotes must be obtained. Based upon needs, and at the discretion of the end user, these purchases may be formally or informally bid. Purchase information, along with the alternate vendors, must be entered into the New World Systems Financial Procurement module. Purchases in this category require the approval of the appropriate Bureau Chief, Director or Mayor, Bureau Chief of Procurement and Collection, City Controller and Purchasing Coordinator.

3. Purchases of \$10,000.00 or more that require a contract

Purchases in this category must be processed according to the Third Class City Code. These purchases must be formally advertised in the newspaper

and must be awarded through a sealed bid procedure. The Bureau of Procurement and Collection will coordinate and issue the bid package and award the contract. Final award of a contract requires signed concurrence by the Mayor.

Exceptions to the formal bidding requirement for purchases over \$10,000.00 are items purchased from State Contract; any approved Co-op; maintenance and repair of Public Works (excluding road materials that must be bid); professional services; and emergencies. (Note: It is the end user's responsibility to justify the state of emergency.)

TYPES OF PURCHASES

Purchase Orders

A purchase over \$3,000.00 may occur in one of two ways. The first is the total for an individual purchase may meet or exceed the \$3,000.00 threshold. The second way is when the end user will annually purchase \$3,000.00 or more of a specific item or items.

When an individual purchase will meet or exceed the \$3,000.00 threshold, a Purchase Order must be entered into the New World Systems Financial Procurement Module. Please see Appendix A (page 21) for detailed instructions about entering a Purchase Order in this module.

In addition, a regular purchase requisition is issued in conjunction with all formal and informal contracts.

Individual Item Orders

A purchase order is needed when a department/bureau will purchase an individual item that cost between \$3,000.00 and \$9,999.00. Three quotes are needed for this type of purchase unless purchasing from State Contract, County Co-op Contract, or any other approved Co-op.

Blanket Orders

Blanket purchase orders are issued on an annual basis for a twelve-month period. Monthly cost estimates should be used when deriving the estimated total annual cost to be encumbered. Blanket purchase order requests are entered into the New World Systems Financial Procurement Module. The total purchase order amount is the total amount that would be used for the whole year.

Emergency Purchases

These procedures are to be used only under emergency conditions and it is the responsibility of the Bureau Chief to provide justification for his/her determination of an emergency. Emergency purchases in excess of \$3,000.00 must be entered into the New World Systems Financial Procurement Module. The entry of these purchases may be made on an 'after-purchase' basis.

CONTRACTS

There are two types of contracts. The first, and most common, form of contract is the Formal Contract. The other type of contract is the Informal Contract.

Formal Contract

This type of purchase must be used for all purchases over \$10,000.00 aggregate with the following exceptions: State Contract items; maintenance and repair of Public Works (road materials must be bid); professional services; and emergencies (end user must justify emergency). A formal contract may be used, at the end user's discretion, for purchases between \$5,000.00 and \$9,999.99.

A formal contract is issued as a result of sealed bid, not a quote, and has a very specific advertising criteria. A formal contract requires advertising for two days in the most widely circulated newspaper in the area. In addition to the newspaper advertising, a copy of the advertisement must be posted at City Hall in a publicly accessible place on the first day the advertisement is to run in the newspaper and until the bids are opened. The advertisement must be run no less than ten days from the first date of the ad to the bid opening date.

A formal bid requires that the bidder submit a ten percent bid bond with the bid submission, and upon award of the contract, the bidder must provide payment and performance bonds.

Note: CDBG purchases require a formal bid for all purchases over \$2,000.00

Informal Contract

This type of purchase may be used for items over \$10,000.00 that do not require a formal contract, i.e., when a formal contract has had no response on two separate advertisements, or at the discretion of the user department for purchases between \$3,000.00 and \$10,000.00 when a more structured agreement with the vendor is desired.

Quotes/bids are solicited from specific vendors determined by the user department and or the Procurement and Collection Office. There is no formal advertising requirement for an informal contract, but City policy is to follow the same guidelines as the ones used for formal contracts. In addition, a bid bond is not required but payment and/or performance bonds may be required.

End users considering an informal contract format should consider some items in relation to the purchase/project. To assist the end user in determining if an informal contract is needed, the following question helps to clarify the level of confidence in a particular project if the work is let on a purchase order basis only. If no informal contract is in place, what is the level of confidence in the following areas: project confidence, vendor confidence, importance of the project (is the project a critical operation?), how will the project be scheduled, specifically what type of work is to be done and what kind of vendor will be involved?

CONTRACT REVIEW COMMITTEE

There are two instances where the Contract Review Committee must review and approve the selected bidder prior to award of the contract and approval by the Mayor.

The first instance is in the event that a formal or informal request for sealed bids yields only a single bidder's response and the sole bidder meets the bid specifications. The contract may be awarded to the sole bidder with majority concurrence of the Contract Review Committee.

The second instance is if the end user determines that the contract should be awarded to other than the lowest responsible bidder. With adequate written justification, a contract may be awarded to other than the lowest responsible bidder with majority concurrence by the Contract Review Committee.

The contract review committee is comprised of the Director of Business Administration, Director of Economic & Community Development, Director of Public Works, and the Bureau Chief of Procurement and Collection.

PROCURING PROFESSIONAL SERVICES

As prescribed under Third Class City Code (P.L.662, No. 164.)

Personal and professional services are exempt from bidding requirements. Some of the services under this exemption include: Accountants; Architects; Attorneys; Consultants; Engineers; Medical Professionals; and employee consultations.

Additional clarification for exempted services is contained in the actual ruling. The Bureau of Procurement is available to assist in determining what other services may be included in this category.

LANCASTER COUNTY PURCHASING COOPERATIVE GROUP

The City of Lancaster is a member of the Lancaster County Purchasing Cooperative Group. The Cooperative's members include many county municipalities and several authorities. Resolution No. 5-1987 authorizes the City to participate in this group's purchasing activities for goods, materials, and services.

ALL OTHER CO-OPS

There are many co-ops out there that the City of Lancaster is entitled to purchase from such as US Communities, PACC, other County Co-ops and other State Contracts. As long as the contract is a valid contract and has piggyback language in it that allows us, the City of Lancaster, to participate, the bidding requirements for said items seeking to be purchased are waived.

PURCHASING FROM COMMONWEALTH OF PA CONTRACTS

As a political subdivision of the Commonwealth of Pennsylvania, the City of Lancaster is entitled to purchase from any contract issued by the State unless otherwise noted. There is no dollar threshold for purchasing from a State Contract. If the item to be purchased is \$10,000.00 or more and is available as a State Contract purchase then the bidding requirements for said item are waived.

PROCUREMENT CARDS

The City of Lancaster has established a Procurement Card Program with Fulton Bank. The Procurement Card is a convenient means to make purchases and, at the same time, reduce the costs associated with initiating and paying for those purchases.

The Procurement Card is a VISA charge card and not the same as a credit card issued for personal use. The difference is that the City is required to pay the full amount of the bill every month.

Instructions for acquiring, using, and reconciling purchases acquired with the Procurement Card may be found in Appendix B (page 45).

PURCHASING PROBLEMS

There are numerous problems that may arise during the procurement process. These difficulties include, but are not limited to:

- Late deliveries
- Invoice discrepancies
- Receipt of incorrect quantities
- Receipt of incorrect item(s)
- Receipt of damaged goods
- Back orders
- Double shipments

How to Handle Problems

The end user should contact the vendor to initiate corrective action when experiencing any of the above problems. If the end user is unable to adequately and amicably rectify the discrepancy with the vendor then the end user should contact the Bureau of Procurement and Collection for assistance. If the vendor fails to correct the problem for the end user, the Bureau of Procurement will pursue the matter until the problem is resolved.

An invoice should never be approved for payment until the problem has been satisfactorily resolved. In addition, an invoice should never be approved and sent to Accounting for payment if the invoice does not agree with the original purchase order unless the discrepancy is thoroughly explained.

It is important that materials received be compared with both the packing slip and the purchase order for accuracy. The verification process should be repeated when the vendor's invoice is received.

Responsibility for Quality Control

It is of prime importance to maintain optimum quality for all goods purchased.

- 1 The user department shall contact the vendor whenever material received does not conform to the ordered specification.
- 2 If the department is unsuccessful at remediation for the discrepancy, the department should notify the Bureau of Procurement and Collection.
- 3 The Bureau of Procurement and Collection will negotiate to resolution the replacement of rejected items with the original vendor.
- 4 Purchasing shall be responsible for Non-compliance of any vendor doing business with the City. Non-compliance from a vendor may result in his/her removal from the City's list of approved vendors.

Surplus or Obsolete Material

When City departments have equipment or supplies that are no longer needed for their use, it shall annually be turned over to the Bureau of Procurement and Collection for disposal.

Disposal of such items may be made in any of the following ways:

- 1 By transfer to another City department
- 2 By return to supplier for credit
- 3 By trading in on new equipment
- 4 By sealed bid
- 5 By selling as scrap
- 6 By auction

PURCHASING LAWS ACCORDING TO THIRD CLASS CITY CODE

No employee, officer, or agent should participate in selecting, awarding, or administering procurement if, to his or her knowledge, any of the following has a financial or other interest in the firm of a prospective prime contractor or any subcontractors or supplies considered for award.

- The employee, officer, or agent
- Any member of his or her immediate family
- His or her partner; or
- An organization which employs any of the above, or with which any of them have an arrangement concerning prospective employment

The governmental activity's officers, employees, or agents should neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or potential contactors.

Extent of Competition

All procurement transactions, regardless of whether by formal advertising or by negotiation and without regard to dollar value, should be conducted in a manner that provides maximum open and free competition.

Ethics and Standards of Conduct in the Procurement Process

The Third Class City Code states as follows:

In any case where a City officer or Official elected or appointed know or by the exercise of reasonable diligence could know that he is interested to any appreciable degree, either directly or indirectly in any contract for the sale of furnishing of any personal property for the use of the City, or for any services to be rendered for such City involving the expenditure by the City of more than three hundred dollars (\$300.00) in any year, he shall notify council. In case the interested officer is a member of council, he shall refrain from voting upon said contract. The provisions of this section shall not apply to cases where such officer or official is an employee of the person, firm or corporation to which money is to be paid in a capacity with no possible influence on the transaction and in which he cannot possibly be benefited thereby, either financially or in any other material manner.

Any officer or official who shall knowingly violate the provisions of this section shall be liable to the City upon his bond, if any, or personally, to the extent of the damage shown to be sustained thereby by the City, to ouster from office, and shall be guilty of a misdemeanor; and upon conviction thereof, sentenced to pay a fine not exceeding five hundred dollars (\$500.00) or imprisonment not exceeding one year, or both.

State Ethics Commission (51 PA Code Ch.4)

In the Act of October 4, 1978 it is outlined that certain public employees (various classifications are outlined) must file an annual financial interest statement. Specifically, the Act covers anyone utilized in the awarding of a contract or making a decision to purchase through solicitation and evaluation of proposals and the selection of a vendor. This statement must be filed with the City Clerk.

Collusion or Conflict of Interest

All procurements should be conducted so as to avoid actual collusion or conflicts of interests as well as any possibility of the appearance of collusion or conflicts of interests. For example, collusion would include such actions as favoring one contractor over another or contractors entering into an agreement on bids. Conflicts of interests occur where there is evidence of lack of impartial view or reaping of financial benefit in the contract award. For example, an employee who owns stock in a company submitting a competitive proposal should not be permitted to participate in the proposal evaluations or award proceedings. Such a person is deemed to have a conflict of interest or at least the appearance of a conflict of interest.

Conflict of Interest

No official or employee of City government shall participate personally through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise in any proceeding, application, request for a ruling or other determination, contract, grant, claim, controversy, or other particular matter in which City funds are used, where to his knowledge he or his immediate family, partners, organization other than a public agency in which he is serving as officer, director, trustee, partner, or employee or any person or organization with whom he is negotiating or has any arrangement concerning prospective employment, has a financial interest.

- No official or employee may use his official position for private gain
- Give preferential treatment to any person
- Lose complete independence for impartiality
- Make an official decision outside official channel or
- Affect adversely the confidence of the public in the integrity of the City of Lancaster

Ethical Principles and Standards

Every official or employee used in the procurement cycle must exhibit the following ethical principles and standards;

- To consider first, the interest of the City in all transactions and to carry out and believe in it's established policies.
- To buy without prejudice, seeking to obtain the maximum ultimate value for each dollar of expenditure.
- To strive consistently for knowledge of the materials and processes of manufacture and to establish practical methods for the conduct of office.
- To subscribe to and work for honesty and truth in buying and to denounce all forms and manifestations of commercial bribery.
- To accord a prompt and courteous reception, so far as conditions will permit, to all whom call on a legitimate business mission.
- To respect his obligations and to require that obligation to him and to his concern be respected, consistent with good business practice.
- To avoid bad practice.

PROCUREMENT GUIDELINES FOR FORMAL CONTRACTS UTILIZING FEDERAL FUNDING

This section provides standards in establishing procedures for the procurement of supplies, equipment, construction and other services with Federal funds by the City and by sub-recipients (private, non-profit corporations) receiving Federal funds re-granted by the City (e.g. Community Development Block Grant funds). The following guidelines are in accordance with required procedures set forth in the federal rules and regulation at 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal governments).

Procurement Standards

- The City and sub-recipients will use their own procurement procedures which reflect applicable State and City laws and regulations, provided that the procedures conform to applicable Federal Law and standards identified below.
- The City (under the supervision of the Procurement and Collection) and sub-recipients will maintain contract administration systems which ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- The City and sub-recipient will maintain written standards of conduct governing the performance of municipal and sub-recipient employees engaged in the award and administration of contracts. No employee, officer, or agent of the City or sub-recipients shall participate in election, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when a) the employer, officer or agent, b) any member of his or her immediate family, c) his or her partner, or d) an organization which employs, or is about to employ, any of the above, has a financial or other interest in the firm selected for award. Employees, officers, or agents of the City or sub-recipients will neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. To the extent permitted by the state's Third Class City Code and local laws and regulations, such standards of conduct will provide for penalties, sanctions, or other disciplinary actions for violations of such standards by the contractors or their agents. The City may, in regulations, provide additional prohibitions relative to real, apparent, or potential conflicts of interest.
- City and sub-recipient procedures will provide for a review of proposed procurements to avoid purchase of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
- To foster greater economy and efficiency, the City and sub-recipients will utilize state and local government cooperative purchasing opportunities for the procurement or use of common goods or services provided by law through Pennsylvania's Act 31.
- The City and sub-recipients will consider the use of Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
- The City and sub-recipients will consider value engineering clauses for inserting into contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- The City and sub-recipients will make awards only to responsible contractors possessing the ability to perform successfully under the terms

and conditions of proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, and record of past performance.

- The City and sub-grantees will maintain records sufficient to detail the significant history of procurement. These records will include, but not be limited to, the following: A) rationale for the method of procurement, B) selection of contract type, C) contractor selection or rejection, and the basis for the contract price.
- Time and material type contracts will be used by the City and sub-recipients only A) after a determination that no other contract is suitable and B) if the contract includes a ceiling price that the contractor exceeds at its own risk.
- The City and sub-recipients alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, A) source evaluation, B) protests, C) disputes, and D) claims. These standards do not relieve the City and sub-recipient of any contractual responsibilities. Federal funding agencies will not substitute their judgment for that of the City or sub-recipient unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

Protest procedures will be maintained by the City and sub-recipients to handle and resolve disputes relating to their procurements, and shall, in all instances, disclose information regarding the protest to the awarding agency. A protestor must exhaust all administrative remedies with the City and sub-recipient before pursuing protest with the Federal agency. Reviews of protests by the Federal agency will be limited to A) violations of Federal law or regulations and the standards described in the document (violations of state or local law will be under the jurisdiction of state or local authorities), and B) violations of the City or sub-recipient protest procedures for the Federal agency other than those specified above will be referred.

Competition

All procurement transactions will be conducted in a manner which provides full and open competition. Some of the situations considered to be restrictive of competition include, but are not limited to, the following: A) placing unreasonable requirements on firms in order for them to qualify to do business, B) requiring unnecessary experience and excessive bonding, C) noncompetitive pricing practices between firms or between affiliated companies, D) noncompetitive awards to consultants that are on retainer contracts, E) conflicts of interest, F) specifying only a “brand name” product instead of allowing an equal product to be offered, and G) any arbitrary action in the procurement process.

The Bureau of Purchasing and sub-recipient will conduct procurements in accordance with statutory or administrative Federal, State, or Local geographical preference where applicable. Nothing in this document preempts State licensing

laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided as long as it leaves an appropriate number of qualified firms, given the size and nature of the project, to compete for the contract.

The City and sub-recipients will have written selection procedures for procurement transactions. These procedures will ensure that all solicitations incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description shall not, in competitive procurements, contain features, which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand, which may be met by offers, shall be clearly stated. Selection procedures will also identify all requirements which the offers must fulfill and all other factors to be used in evaluating bids or proposals.

The City and sub-recipients will ensure that all pre-qualified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the City and sub-recipient will not preclude potential bidders from qualifying during the solicitation period.

Method of Procurement to be followed

Procurement by small purchase procedures:

Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$10,000.00 in the aggregate. If small purchase procurements are used, price or rate quotations will be obtained from an adequate number of qualified sources.

Procurement by sealed bids (formal advertising):

Bids are publicly solicited and a firm fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all material terms and conditions of the invitation for bids, is the lowest in price. In order for sealed bidding to be feasible, the following conditions should be present: A) a complete, adequate, and realistic specification or purchase description is available; B) two or more responsible bidders are willing and able to complete effectively for the business; and C) the procurement lends itself to a firm fixed-price contract and the selection of the successful bidder can be made principally on the basis of price.

If sealed bids are used, the following requirements apply: A) the invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening bids; B) the invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services in order for the bidder to properly respond; C) all bids will be publicly opened at the time and place prescribed in the invitation for bids; D) a firm fixed-price contract award will be made in writing to the lowest responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually realized; and E) any or all bids may be rejected if there is a sound documented reason. The sealed bid method is the preferred method for procuring construction if the above conditions are present and requirements are followed.

Procurement by competitive proposals

The technique of competitive proposals normally conducted with more than one source submitting an offer and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bid. If this method is used, the following requirements apply: A) requests for proposals will be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical; B) proposals will be solicited from an adequate number of qualified sources; C) the City and sub-recipients will have a method for conducting technical evaluations of the proposals received and for selecting awardees; and D) awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors whose proposal is most advantageous to the program, with price and other factors considered.

Procurement by noncompetitive proposals

This methodology involves procurement through solicitation of a proposal from only one source, or procurement after solicitation of a number of sources proves competition to be inadequate. Procurement by noncompetitive proposals may be used under small purchase procedures, sealed bids, or competitive proposals only when the award for a contract is infeasible because of one of the following circumstances: A) the item is available only from a single source; B) a public exigency of emergency will not permit delay resulting from competitive solicitation; C) the awarding agency authorized noncompetitive proposals; or D) after solicitation of a number of sources, competition is determined inadequate (with purchases in excess of \$10,000.00, procurement from one source is permitted only after two successive "no bid" results). Cost analysis, i.e. verifying their proposed cost data, the projections of the data, and the evaluation of the specific elements of cost and profit, is required.

Contracting with Small Minority Firms, Women's Business (WBE/MBE) and Enterprise and Labor Surplus Area Firms

The Bureau of Purchasing and sub-recipient will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and Labor surplus area firms are used when possible.

Affirmative steps shall include: A) placing qualified small and minority businesses and women's business enterprises on solicitation lists; B) assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources; C) dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises; E) using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and F) requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed above.

Contract cost and Price

The City and sub-recipient must perform a cost or price analysis in connection with every procurement action including contract modifications. The method and degree of analysis is situational, but as a starting point, grantees must make independent estimates before receiving bids or proposals. A cost analysis must be performed when the offeror is required to submit the elements of his estimated cost, e.g., under professional, consulting and architectural engineering services contracts. A cost analysis will be necessary when adequate price competition is lacking, and for sole source procurements, including contract modifications or change orders, unless a price can reasonably be established on the basis of a catalog or market price of a commercial product sold in substantial quantities to the general public or based on prices set by law or regulation. A price analysis will be used in all other instances to determine the reasonableness of the proposed contract price.

The City and sub-recipient will negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration will be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts under Federal grants will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices are consistent with Federal cost principles. The City and sub-recipients may reference their own cost principles that comply with the applicable Federal cost principles.

Awarding Agency Review

The Bureau of Purchasing and sub-recipient must make available, upon request of the awarding federal agency, technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for purchase. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the City or sub-recipient desires to have the review accomplished after a solicitation has been developed, the awarding federal agency may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

The City and sub-recipients must, on request, make available for the awarding agency pre-award review procurement documents, such as requests for proposals or invitations for bids, independent cost estimates, etc., when: A) the City or sub-recipient's procurement procedures or operation fails to comply with the procurement standards in this section; for B) the procurement is expected to exceed \$10,000.00 for the City (as required by the Pennsylvania Third Class City Code) or \$25,000.00 for sub-recipients and is to be awarded without competition or only one bid or offer is received in response to a solicitation; or C) the procurement, which is expected to exceed \$25,000.00 specified a "brand name" product; or D) the proposed award over \$25,000.00 is to be awarded to other than the apparent low bidder under a sealed bid procurement; or E) a proposed contract modification changes the scope of a contract or increases the contract amount by more than \$25,000.00.

Bonding Requirements

For construction or facility improvement contracts or subcontracts exceeding \$10,000.00 for the City (as required by the Pennsylvania Third Class City Code) and \$100,000.00 for sub-recipients, the awarding federal agency may accept the bonding policy and requirements of the Bureau or sub-recipient provided the awarding agency has made a determination that the awarding agency's interest is adequately protected. If such a determination has not been made, the minimum requirements shall be as follows:

- A bid guarantee from each bidder equivalent to ten percent (10%) for the City (as required by the Pennsylvania Third Class City Code) or five percent (5%) of the bid price for sub-recipients. The "bid guarantee" shall consist of a firm commitment such as a bid bond, certified check, cashier's check or irrevocable letter of credit (or other negotiable instrument for sub-recipients) accompanying a bid as assurance that the bidder will, upon acceptance of his bid, execute such contractual documents as may be required within the time specified.
- A Performance Bond on the part of the contractor for 100% of the contract price. A Performance Bond is one executed in connection with a contract to assure performance as required by law of all persons supplying labor and materials in the execution of the work provided for the contract.

- A Payment Bond on the part of the contractor for 100% of the contract price. A Payment Bond is executed in connection with a contract to assure payment as required by law of work provided for the contract.

Contract Provisions

Federal agencies are permitted to require changes in purchasing standards at any time. Contract of the Bureau of Procurement and sub-recipients must contain the provisions listed below:

- Administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanction and penalties as may be appropriate. (Contracts other than small purchases).
- Termination for cause and for convenience by the Bureau of sub-receipt including the manner by which it will be effected and the basis for settlement. (All contracts in excess of \$10,000.00)
- Compliance with Executive Order 11246 of September 24, 1965 entitled "Equal Employment Opportunity", as amended by Executive Order 11375 of October 13, 1967 and a supplemented in Department of Labor regulations (41 CFR Part 60). (All construction contracts awarded in excess of \$10,000.00 by the Bureau and its contractors or sub-recipients)
- Compliance with the Copeland "Anti-Kickback" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR Part 3). (All contracts and sub-grants for construction or repair)

Compliance with the Davis-Bacon Act (40 U.S.C. 276a to a-7) as supplemented by Department of Labor regulations (29 CFR Part 5). Construction contracts in excess of \$2,000.00 awarded by the Bureau and sub-recipients when required by Federal grant program legislation.

Compliance with Section 103-107 of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) as supplemented by Department of Labor regulations (29 CFR Part 5). Construction contracts awarded by the City and sub-recipients in excess of \$2,000.00 and in excess of \$2,500.00 for other contracts which involve the employment of mechanics or laborers.

Notice of awarding federal agency requirements and regulations pertaining to reporting.

Notice of awarding federal agency requirements and regulations pertaining to patent rights with respect to any discovery or invention, which arises or is developed in the course of or under such contact.

Notice of awarding federal agency requirements and regulations pertaining to copyrights and rights in data.

Access by the City, the sub-recipient, the Federal grantor agency, the Comptroller General or the United States, or any of their duly authorized representatives to any books, documents, papers, and records of the contractor

which are directly pertinent to that specific contact for the purpose of audit, examination, excerpts, and transcriptions.

Retention of all required records for three years after the City and sub-recipients make final payments and all other pending matters are closed.

Compliance with all applicable standards, orders, or requirements issued under section 306 of the Clear Air Act (42 U.S.C. 1857 H), section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15) (Contract, subcontracts, and sub-grants of amounts in excess of \$100,000.00)

Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163)

Homeowner Loans and Grants for Housing Rehabilitation

Depending on the specific situation, the provision of homeowner loans and grants for housing rehabilitation utilizing Federal funds may or may not require compliance with Federal procurement regulations. Federal procurement regulations apply only under those circumstances where a contract for federally assisted housing rehabilitation services is procured by the City or sub-recipient. The regulations do not apply to a rehabilitation contract, which is, in fact, procured and executed by a private property owner as the beneficiary of a rehabilitation loan, grant or other form of assistance from the City or sub-recipient. The determining factor regarding the applicability of the Federal Procurement Regulations is whether the private property owner or the City or sub-recipient is the actual procurer of the contract. The Federal Department of Housing and Urban Development encourages the City and sub-recipients to maximize the participation of the property owners and contractors in the rehabilitation process and, correspondingly, to minimize the role of the public sector to that which is really necessary. As the beneficiary of the rehabilitation program, the property owner should have front-line control over what happens to his or her property.

If an owner, in fact, carries out the procurement transactions, then the Federal procurement regulations do not apply. In many instances, however, the owner will require the assistance of the City or sub-recipient in retaining a contractor. The City or sub-grantee may assist the owner by providing technical assistance and preparing or reviewing cost estimates. At the owner's request, the City or sub-recipient may perform such technical assistance as providing a list of contractors to property owners, collecting and summarizing contractor bids, advising the owner on how to evaluate a contractor's proposal, or providing information on past work of specific contractors. Normally the City and sub-recipient would provide the basic contract documentation including work specifications (as agreed to by the owner), and any Federal applicable requirements. If the owner makes the final contractor selection, and the City or

sub-recipient performs assistance as described above, Federal Procurement Regulations 24 CFR Section 85.36, would not apply.

If, instead, the City or sub-recipient assumes responsibility for the procurement by selecting the contractor and negotiating the price for federally assisted housing rehabilitation services, and only requires the owner's written approval of the contractor selection, it would then be considered the procuring party and the Federal Procurement Regulations at 24 CFR Section 85.36 would apply. In this instance, the City or sub-recipient, notwithstanding the owner's signature on the contract, would be the actual procurer of materials or services.

The City and Sub-recipients will analyze the level of assistance required by each property owner. Each must keep in mind the distinction between controlling contractor selection for their rehabilitation clients and assisting clients to choose and work with their rehabilitation contractors, and how their level of involvement may trigger the application of 24 CFR Section 85.36. In some instances, the City or sub-recipient will have owners who cannot handle the responsibility for contractor selection, in which case each needs to comply with the Federal Procurement Requirements if it undertakes to procure the contractor for such persons. In a majority of cases, however, Federal Procurement Requirements will not apply because the owner can and does perform many of the procurement responsibilities with minimal assistance from the City or sub-grantee. Even in such cases, however, open competition through the use of more than one estimate will generally be of benefit to an owner.

APPENDIX A

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APPENDIX B

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SECTION 1 **OVERVIEW**

Purchase orders are needed for any item ranging in price from \$3,000.00 to \$9,999.99. Each request will be looked at and either approved or not approved. Requests that are approved will move up the approval line from number one (1) to number six (6). The person entering the request will post the first approval level (1). Then the approval for the next corresponding levels, two (2) thru six (6) will be made by the following people: Department Bureau Chief, Director, Bureau Chief of Procurement, City Controller, Purchasing Coordinator.

Once the City Purchasing Coordinator has approved the request at level six, your request will be transferred into a Purchase Order, approved, and printed. After the Purchase Order is printed, the City Purchasing Coordinator will keep on copy for City records and send two copies to the requesting department. It is the responsibility of each individual department to forward a copy to the requesting vendor if necessary and also the department's responsibility to keep a copy for their records.

Alternate Vendors

If you are purchasing an item from a vendor that the City will never use again, or simply entering a quote from such a company into the system, please do not ask the Accounting department to set up a vendor number for this company. Please use one or both of the following vendor numbers: #698, Alternate Vendor No. 1 & #699, Alternate Vendor No. 2. The vendors have been specifically entered into the system so that we don't end up with multiple vendors that we will never use, or only use once. If using one of these numbers as an alternate vendor in the Purchase Order Request system, please note the Company's name on the Contact line (please see Adding Alternate Vendors for any questions).

Requirements for Requests

The following fields must be filled out when entering a purchase order request or the request will not be approved:

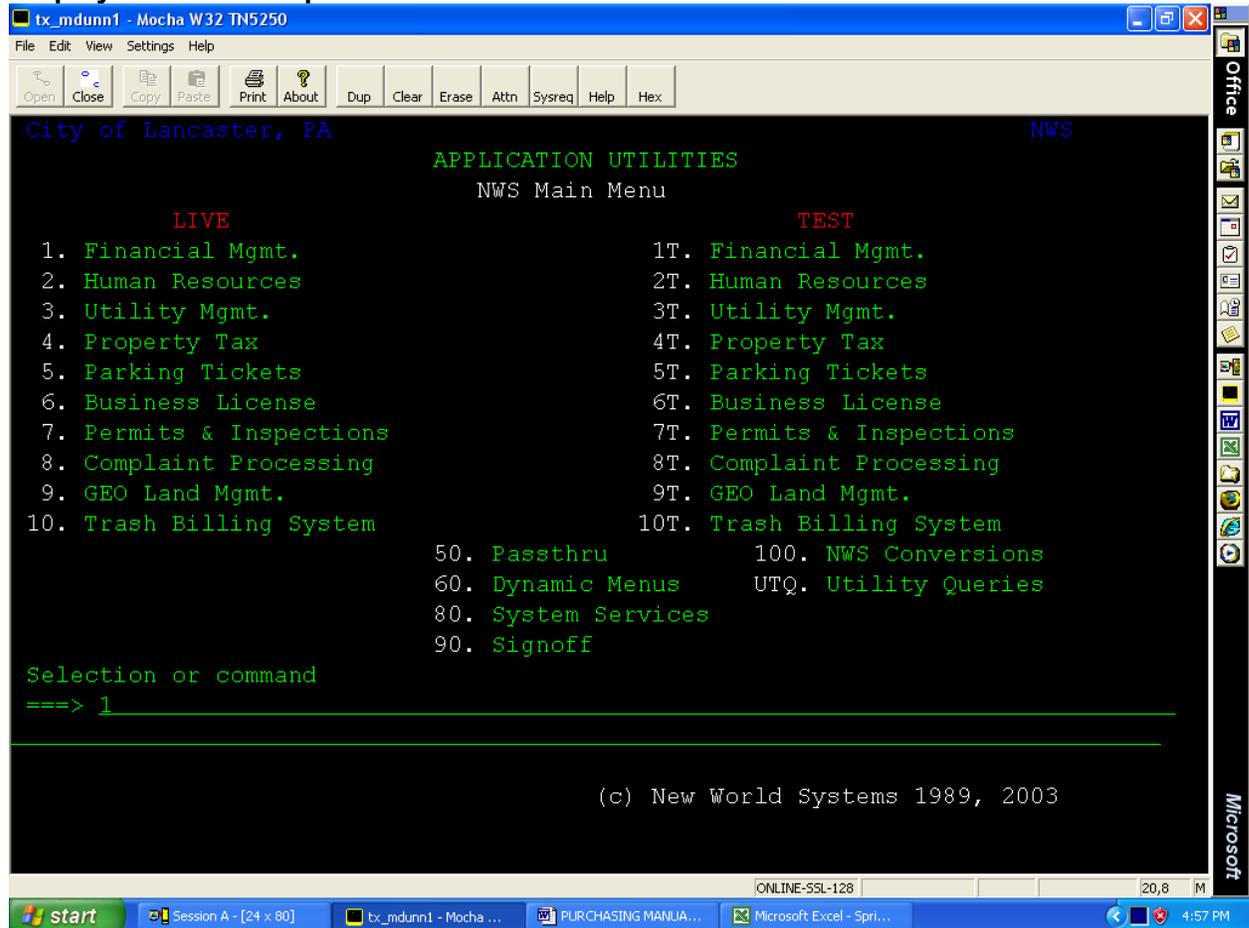
- Vendor number
- Two (2) Alternate Vendors
- Description
- Quantity
- Unit of Measure
- Price per Unit
- Date Needed By
- Requesting Employee
- G/L Account number, and Project / Sub Project if necessary
- Ship to Code

If any of the required fields are not fully completed, your request will not be printed.

SECTION II
ENTERING A REQUEST FOR A PURCHASE ORDER

Instructions:

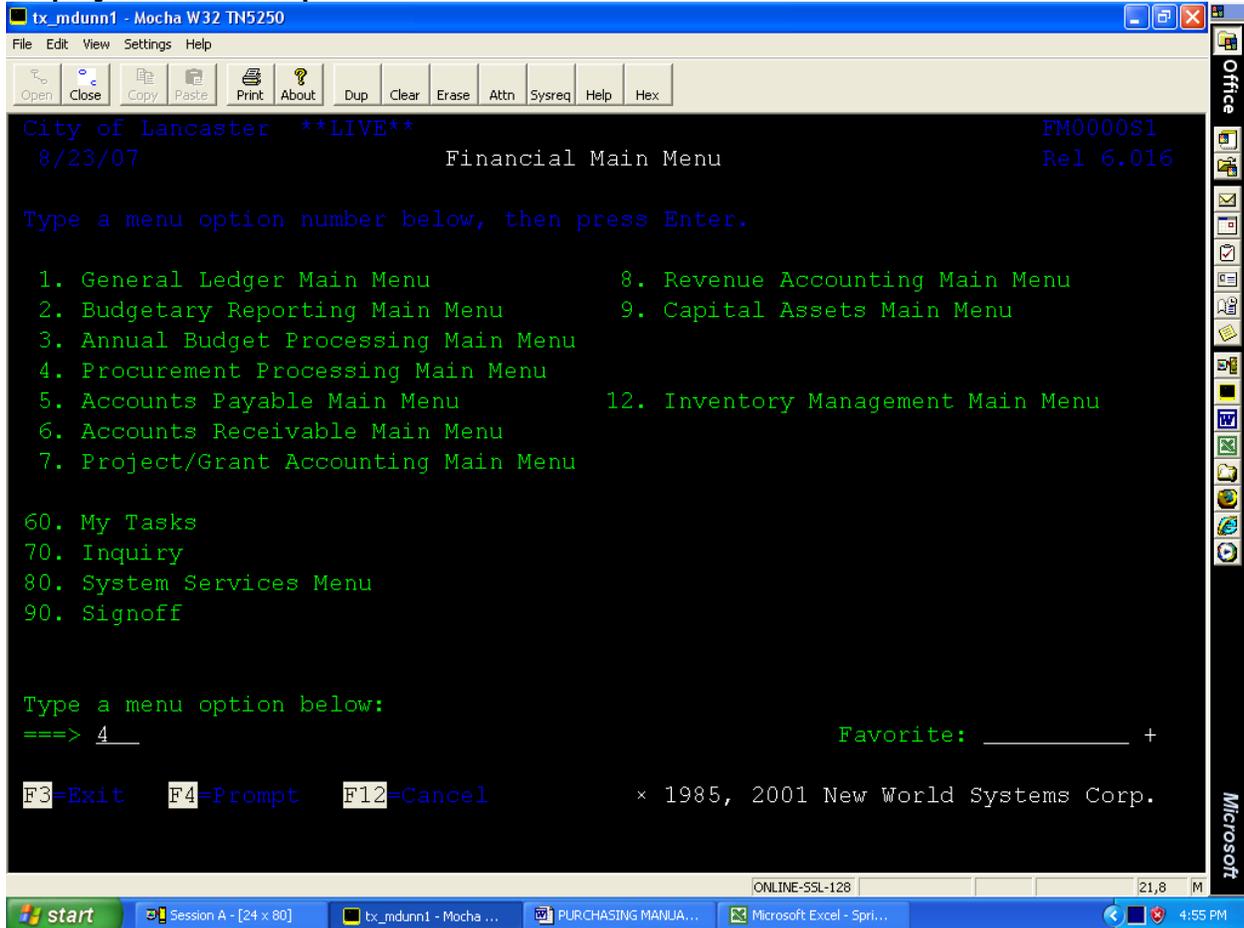
1. Choose the option stating Financial Mgmt. and type the number on the command line.
2. Press Enter.

Display Screen Example

Instructions:

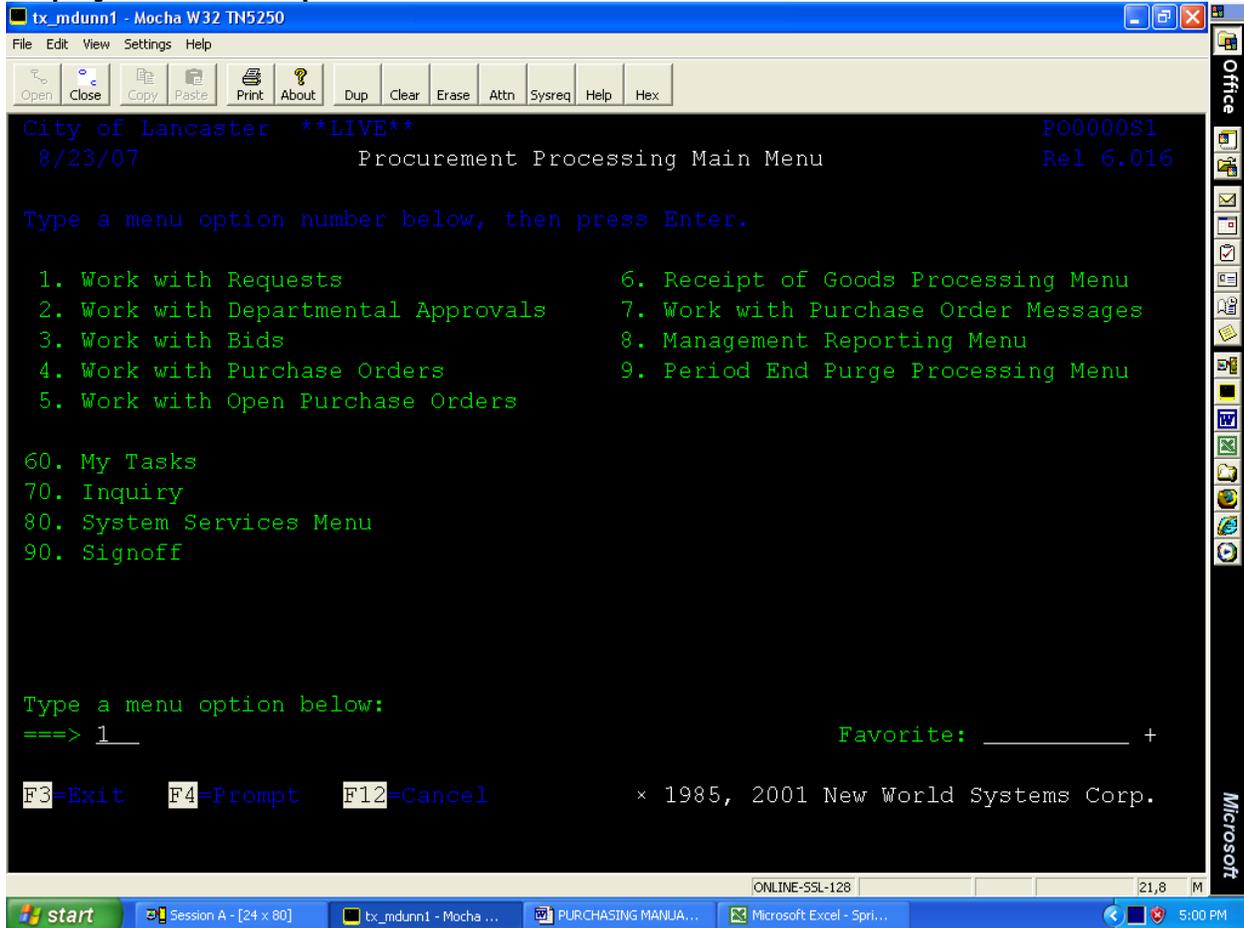
1. Choose option stating Procurement Processing Main Menu.
2. Press Enter.

Display Screen Example



Instructions:

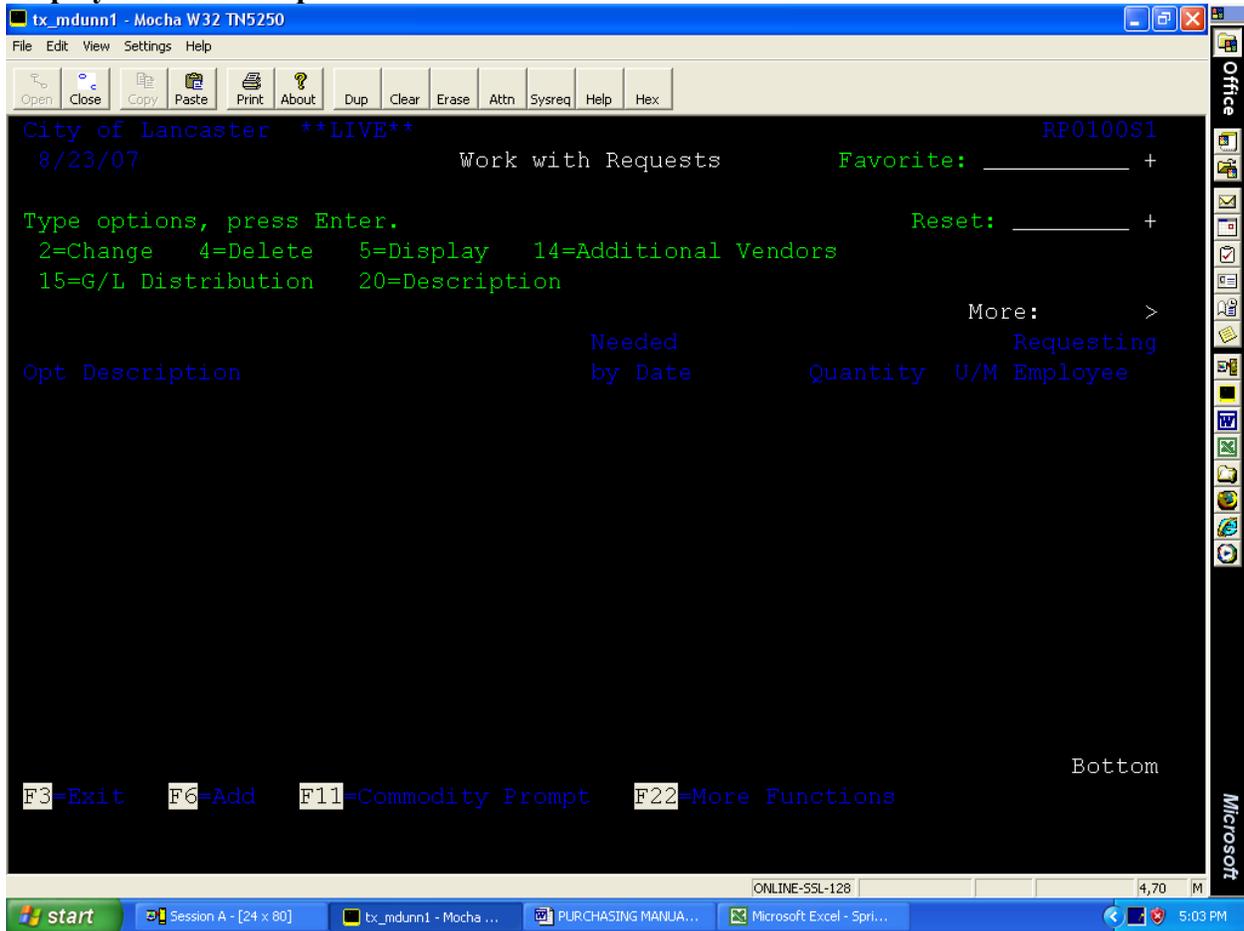
1. Choose the option stating Work with Request.
2. Press Enter.

Display Screen Example

Instructions:

1. You will need to press F6 to add a request for a purchase order. This command is at the bottom of the page.

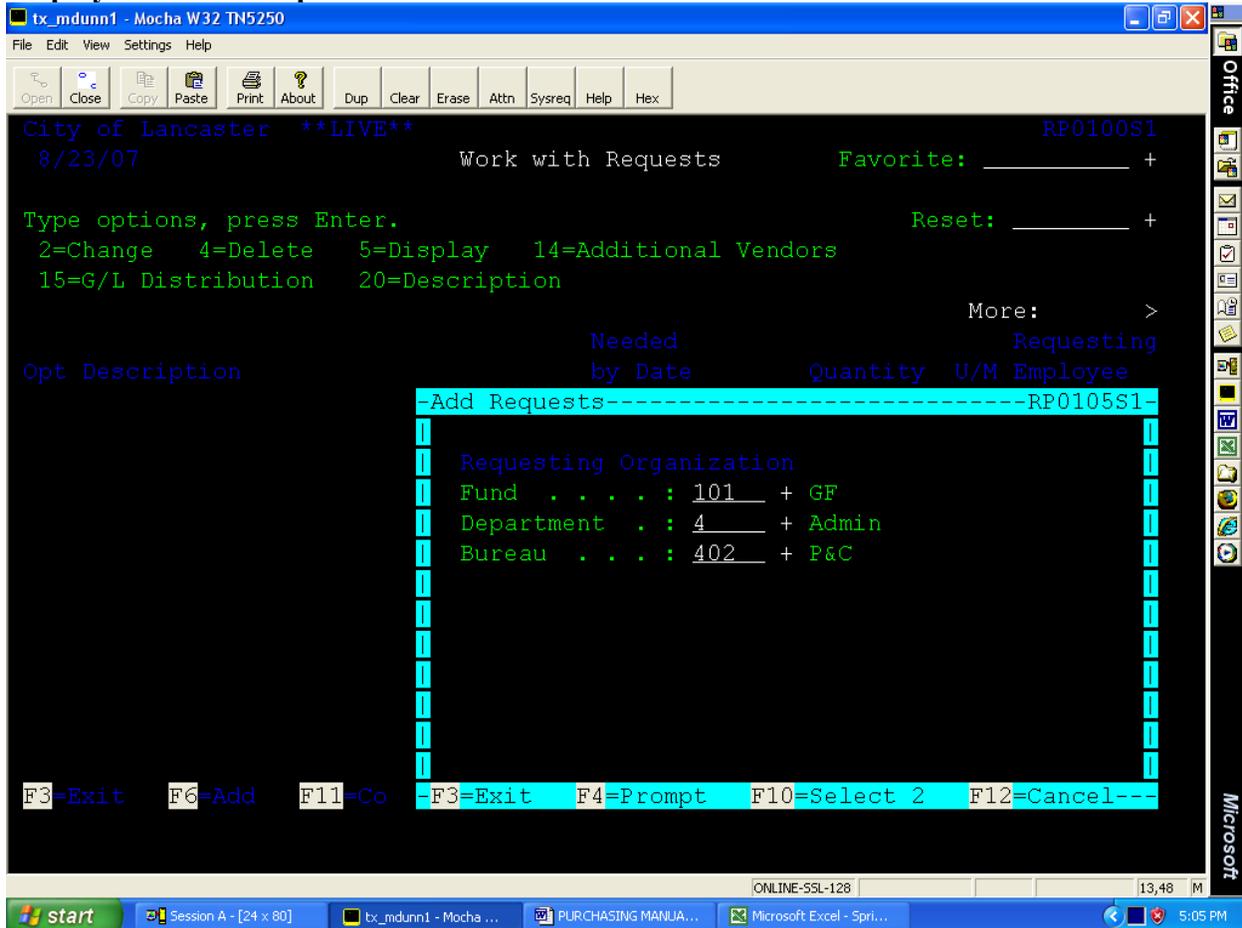
Display Screen Example



Instructions:

1. A box named "Add Request" will appear on the screen. This box shows your departments first seven (7) account code digits.
2. Press Enter.

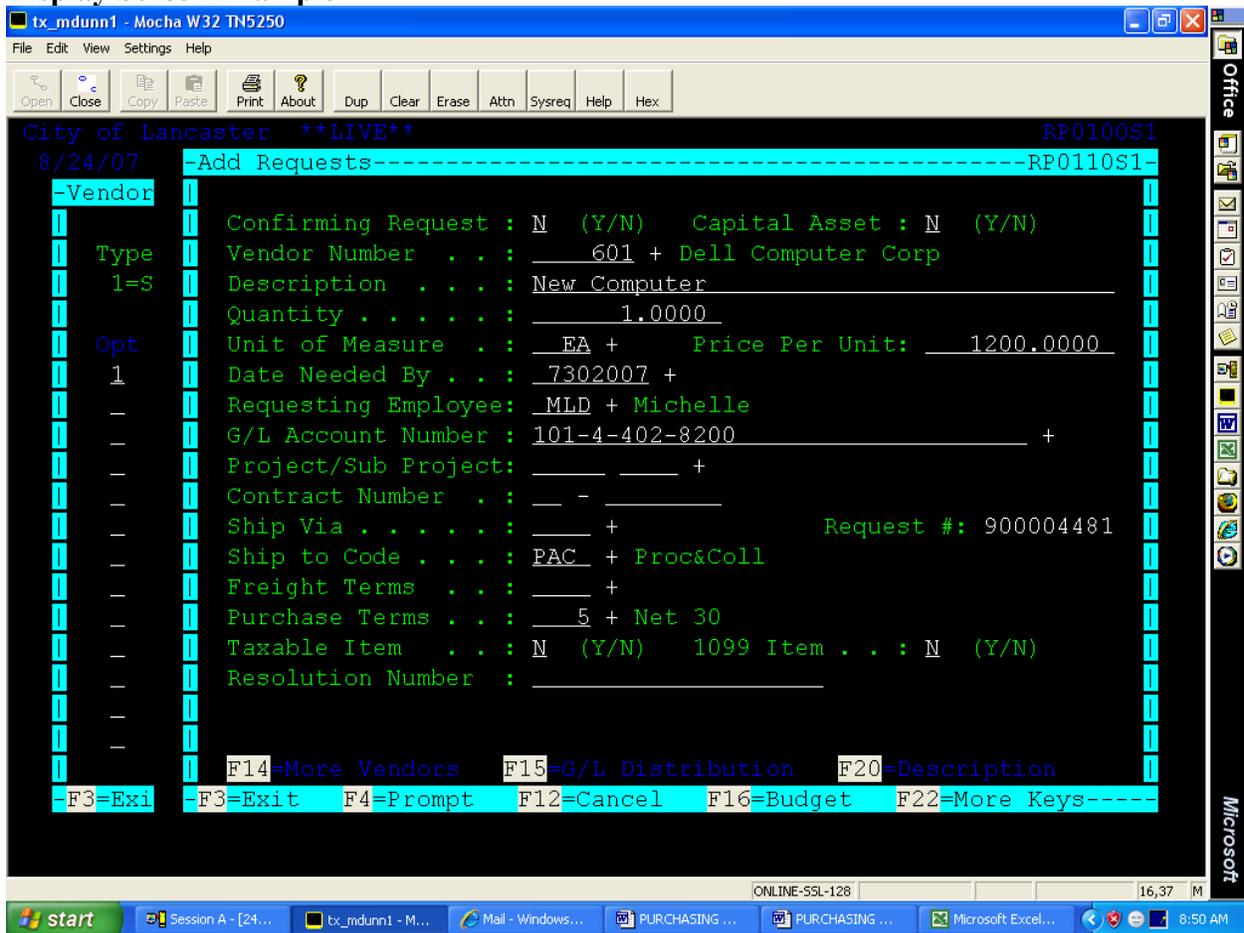
Display Screen Example



Instructions:

1. You must fill in the following fields:
 - Vendor Number
 - Description
 - Quantity
 - Unit of Measure
 - Price Per Unit
 - Date Needed By
 - Requesting Employee
 - G/L Account Number
 - If you are using an account number that has a Project / Sub Project, you will need to fill in these fields also.
 - Ship to Code
 - Two additional Vendor quotes, use F14 (More Vendors) to enter.
 - Please see Adding Alternate Vendors for any questions.
 - If the chosen item is on State Contract, on some other Co-op, or is a sole source purchase, use F20 (Description) to enter this information.
 - Press Enter

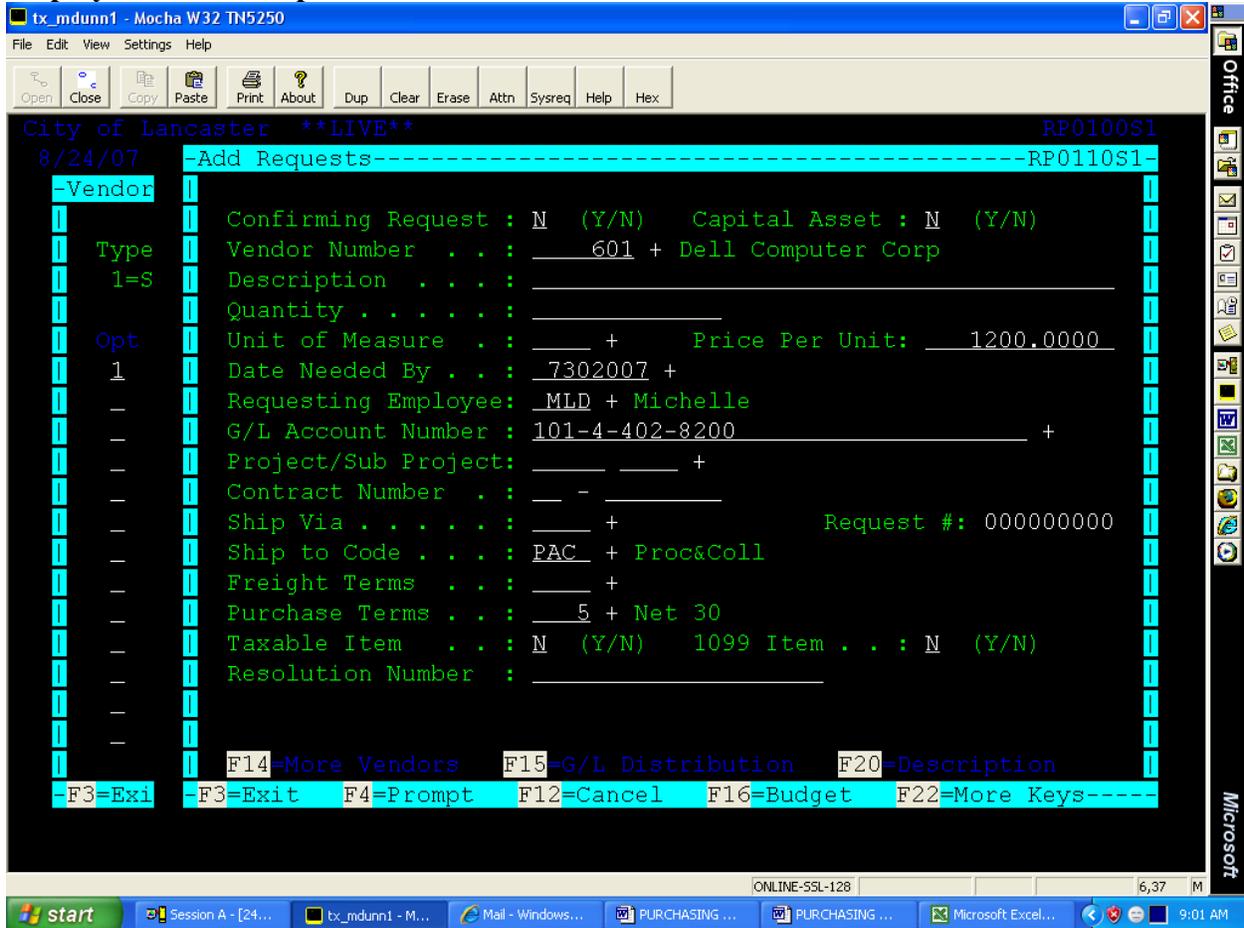
Display Screen Example



Instructions:

1. Some of the information you entered will still be listed in the following fields even after you have pressed enter: Vendor number, price, date needed by, requesting employee, GL account number, and ship to address.
2. At this point, you can either enter another request using the preceding steps, or F3 to Exit this screen.

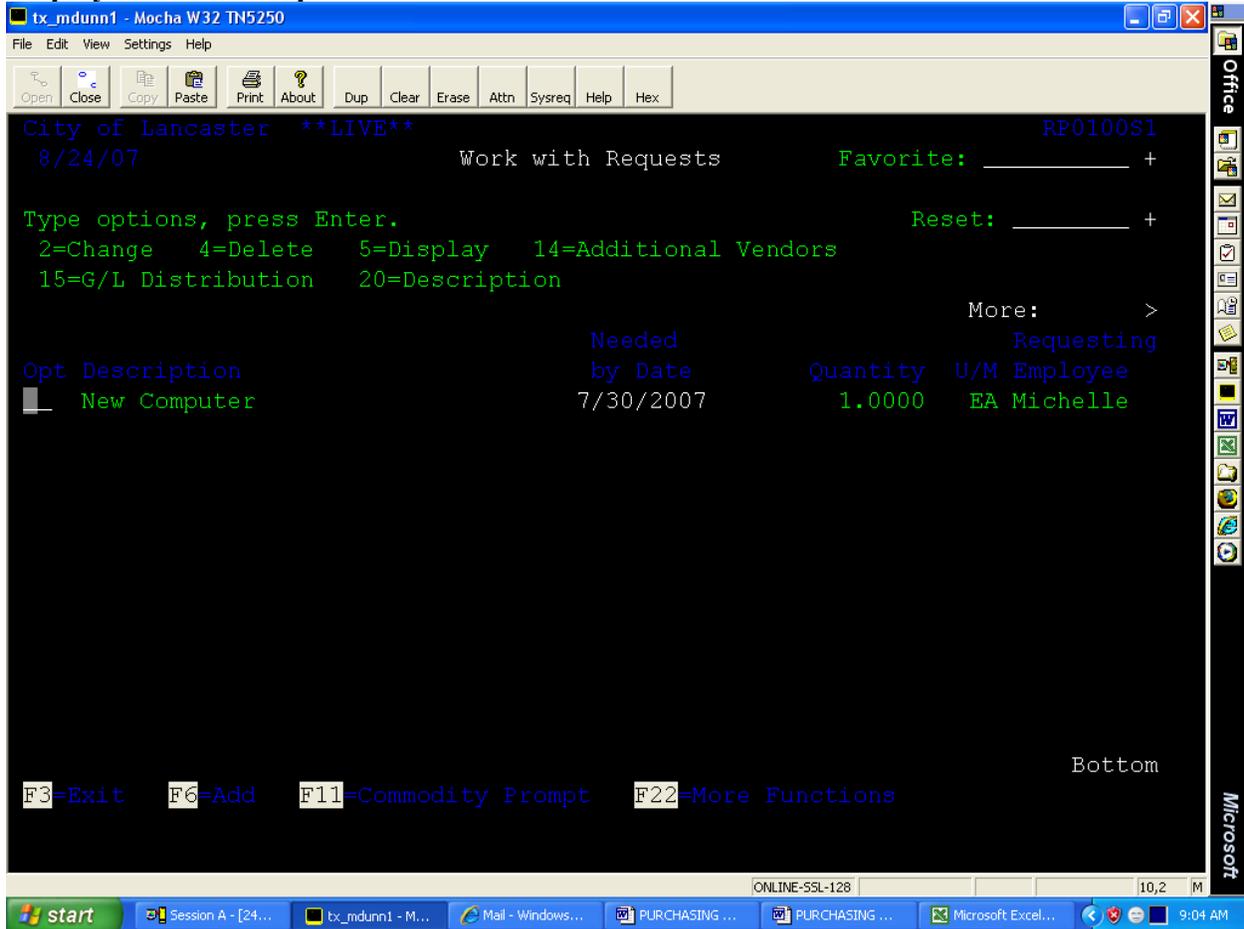
Display Screen Example



Instructions:

1. You will now be back at the main Work with Request screen. If any changes need to be made, use option 2 to change.
2. If your request is correct and you are ready to proceed, press F3 to Exit.

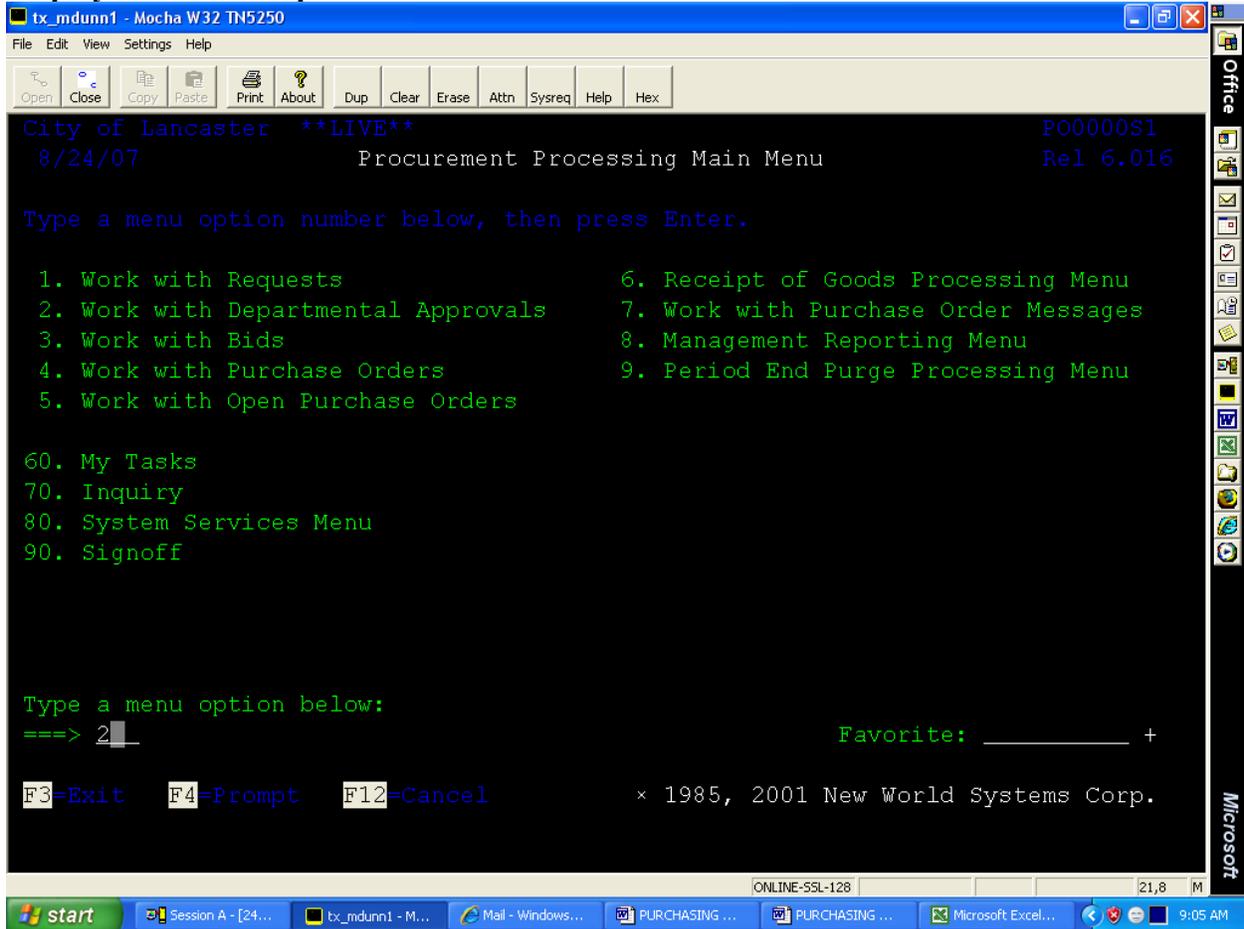
Display Screen Example



Instructions:

1. Now back at the Procurement Processing Main Menu, choose option 2, Work with Departmental Approvals.
2. Press Enter

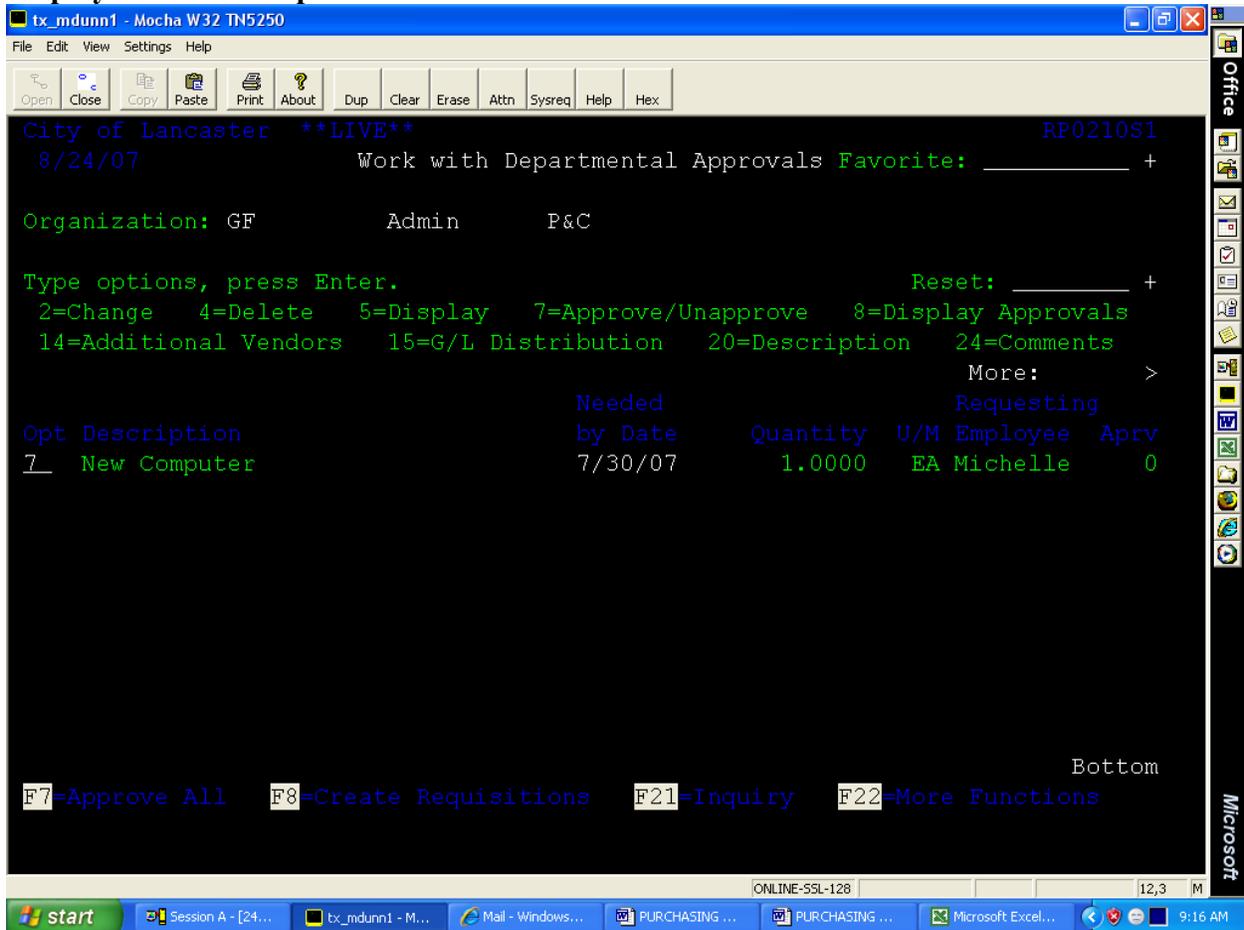
Display Screen Example



Instructions:

1. Use option 7, Approve/Unapprove to approve your request.
 - Approving your request will change the approval level, on the right, to a level one (1) and allow the next person in the chain of command to add his/her approval to move forward with the request.
 - The approval chain will continue until a level six (6) is achieved.
2. Press Enter

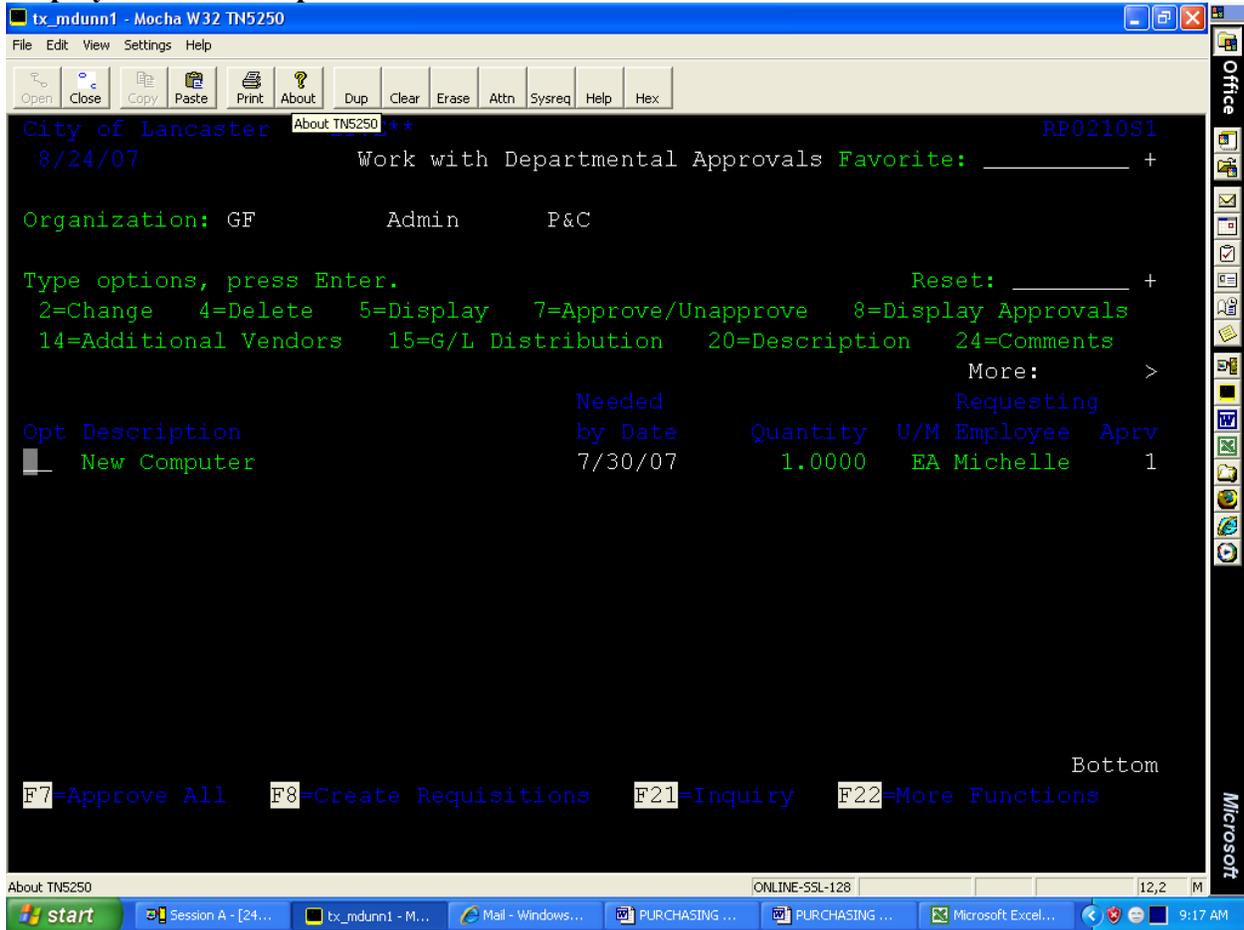
Display Screen Example



Instructions:

1. After you have approved all the requests you entered, you are done and can F3 to Exit, out of this screen.

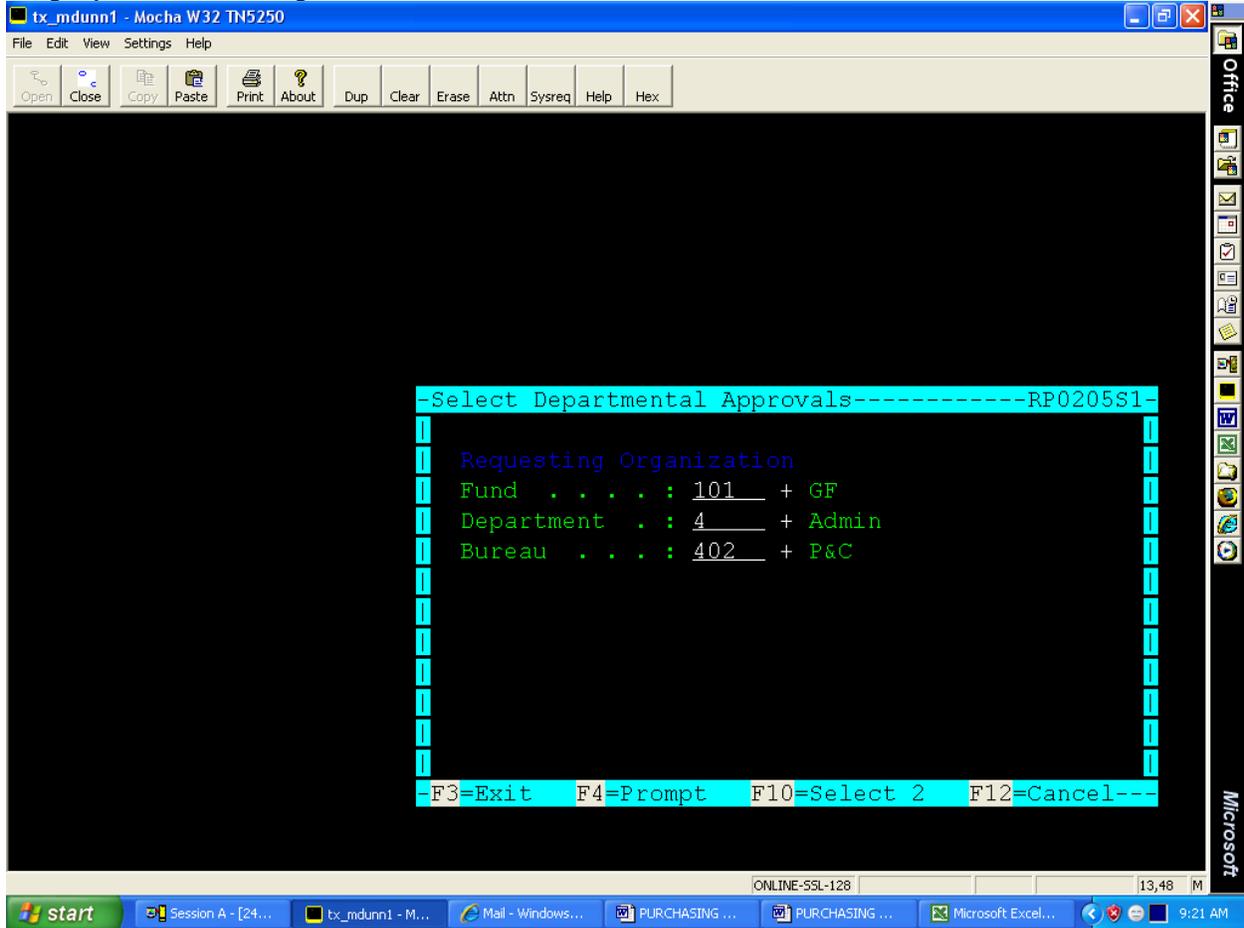
Display Screen Example



Instructions:

1. F3 to Exit this screen and you will be finished entering a Purchase Order request.

Display Screen Example



SECTION III
FIELDS THAT CAN BE PROMPTED

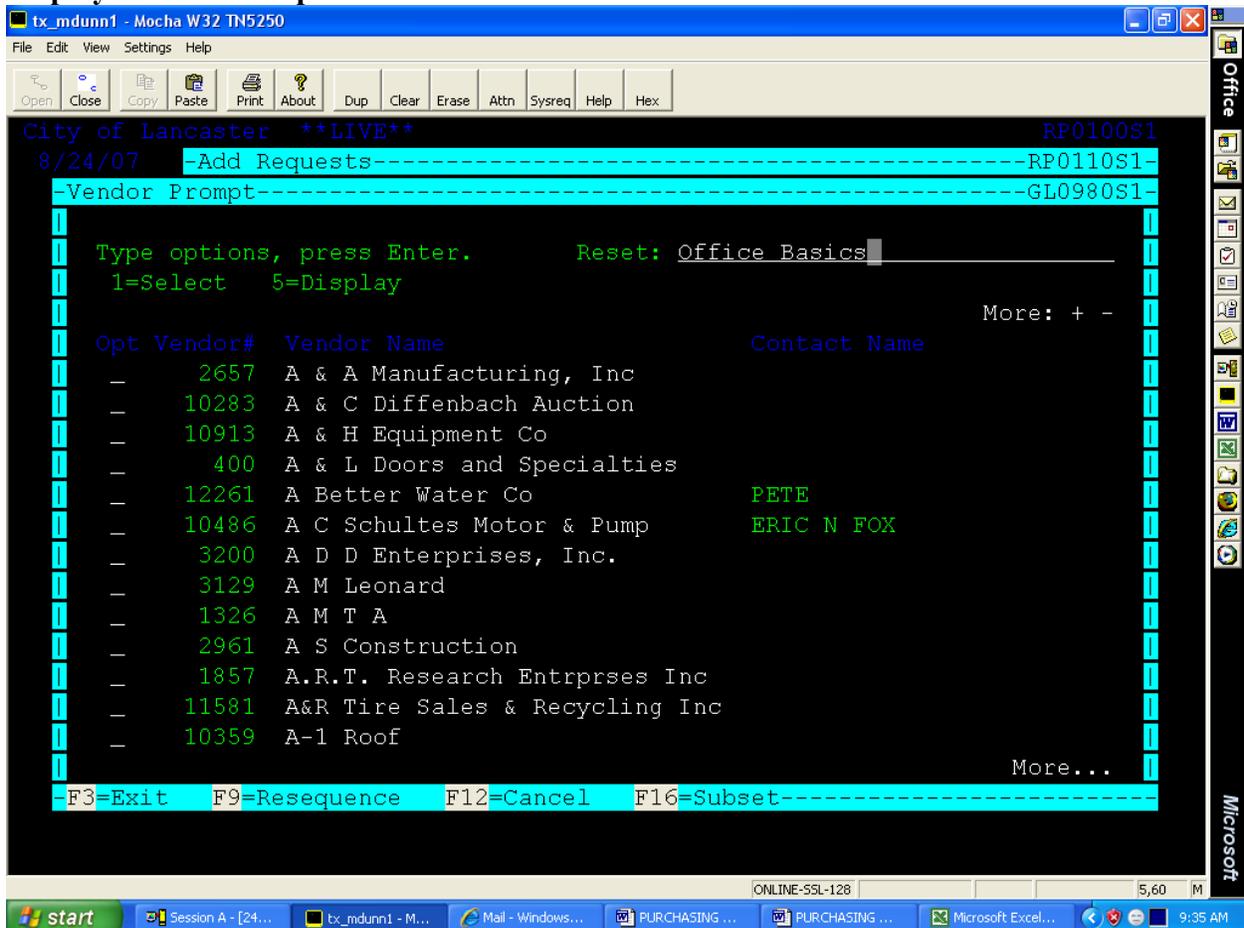
OVERVIEW:

Prompting fields allows you to have needed information accessible to you without having to open additional session of the AS400. You can look up information as you work and have it entered directly into your work instead of transferring the information by hand.

Instructions:

1. Any field that has a plus sign (+) at the end of the line indicates that you can search the NWS database for that particular line information.
2. To prompt a field, your cursor needs to be sitting on the line with the plus (+) sign.
3. Press F4 to bring up a search box.
4. On the line in the box that says Search:, type the information you are looking for (In the example below, we are searching for a vendor, so a Vendor name would be entered).
5. Once the information is typed, press Enter.

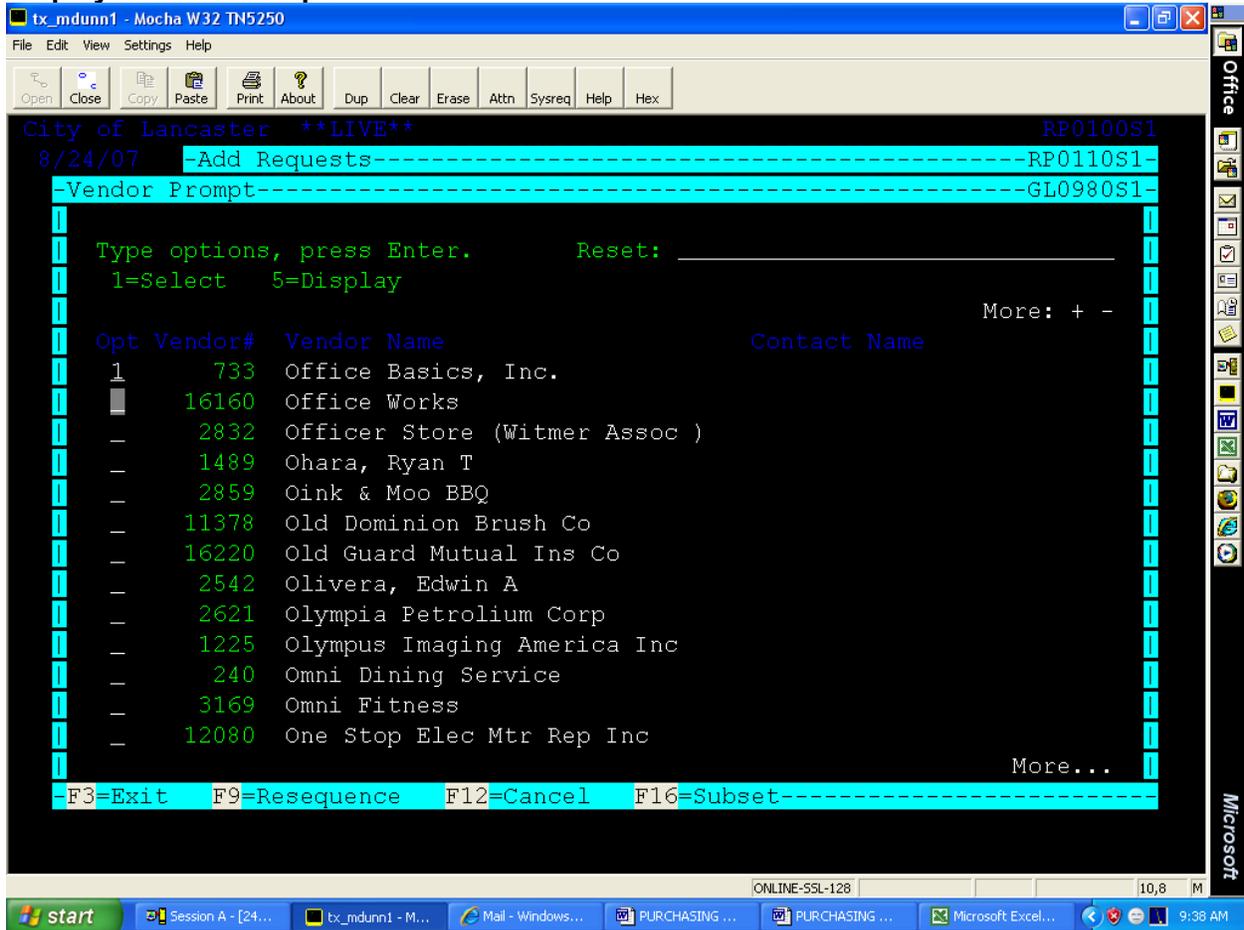
Display Screen Example



Instructions:

1. The Vendor you are looking for will appear. You then place a one (1), to Select, on the line next to the correct vendor.
2. Press Enter

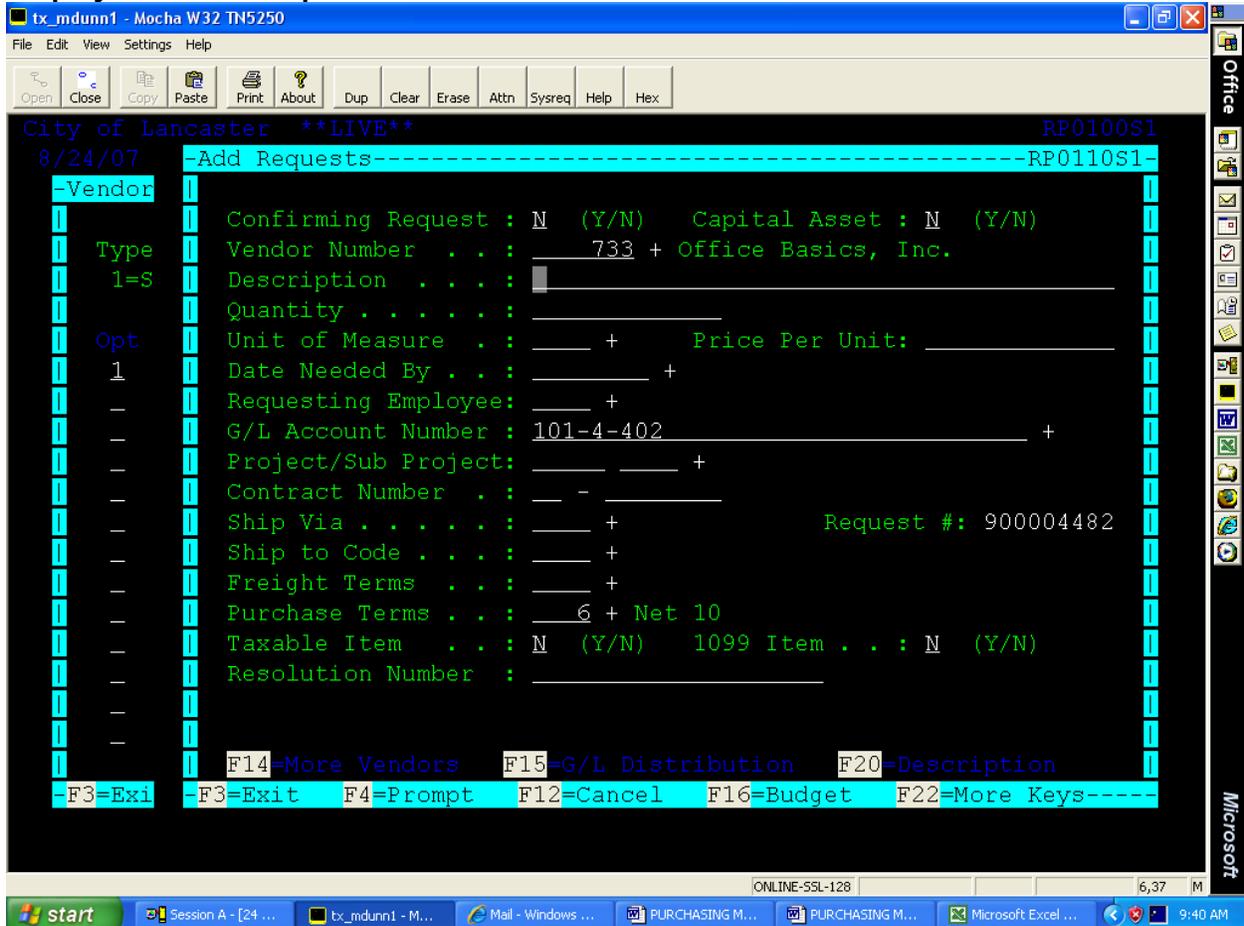
Display Screen Example



Instructions:

1. Once you have pressed Enter, your Vendor will be added to your request.

Display Screen Example



SECTION IV
ADDING ALTERNATE VENDORS

OVERVIEW:

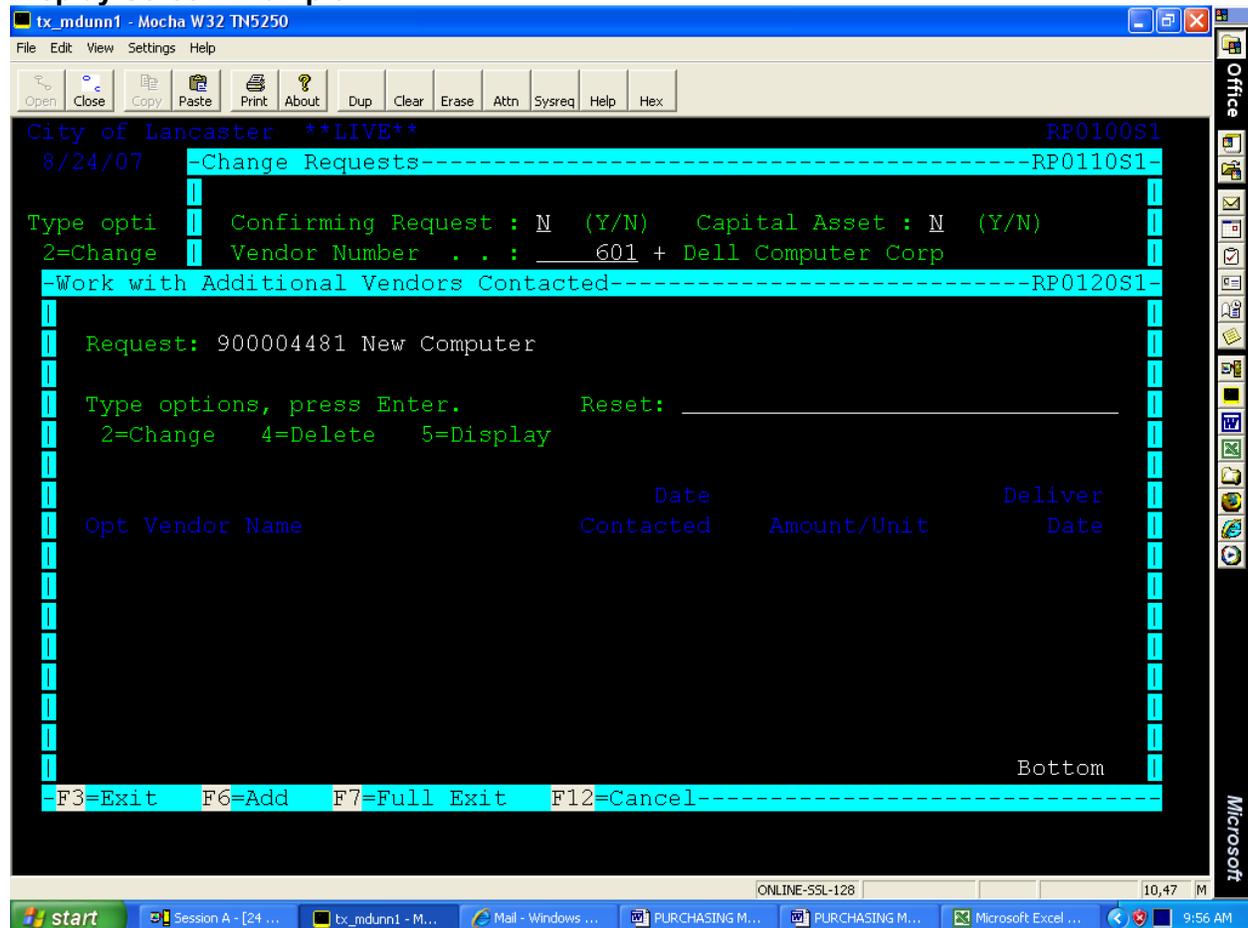
Every purchase order request entered into the NWS must have three (3) vendors listed, with the lowest price being the awarded company and the other two being added onto the request as additional vendors. Adding three vendors to each request is proof that multiple vendors were contacted and given a chance to provide the City with their product as well as given the opportunity to give us their lowest price.

The only time you do not need to enter the information of three (3) vendors is when you are purchasing from State Contract, Cooperatives, or it is a Sole Source purchase. Items listed on State Contract and Cooperatives have already been price shopped.

Instructions:

1. Go to the add request screen.
2. Once all your required information has been add, you will use function F14 to add your additional vendors.

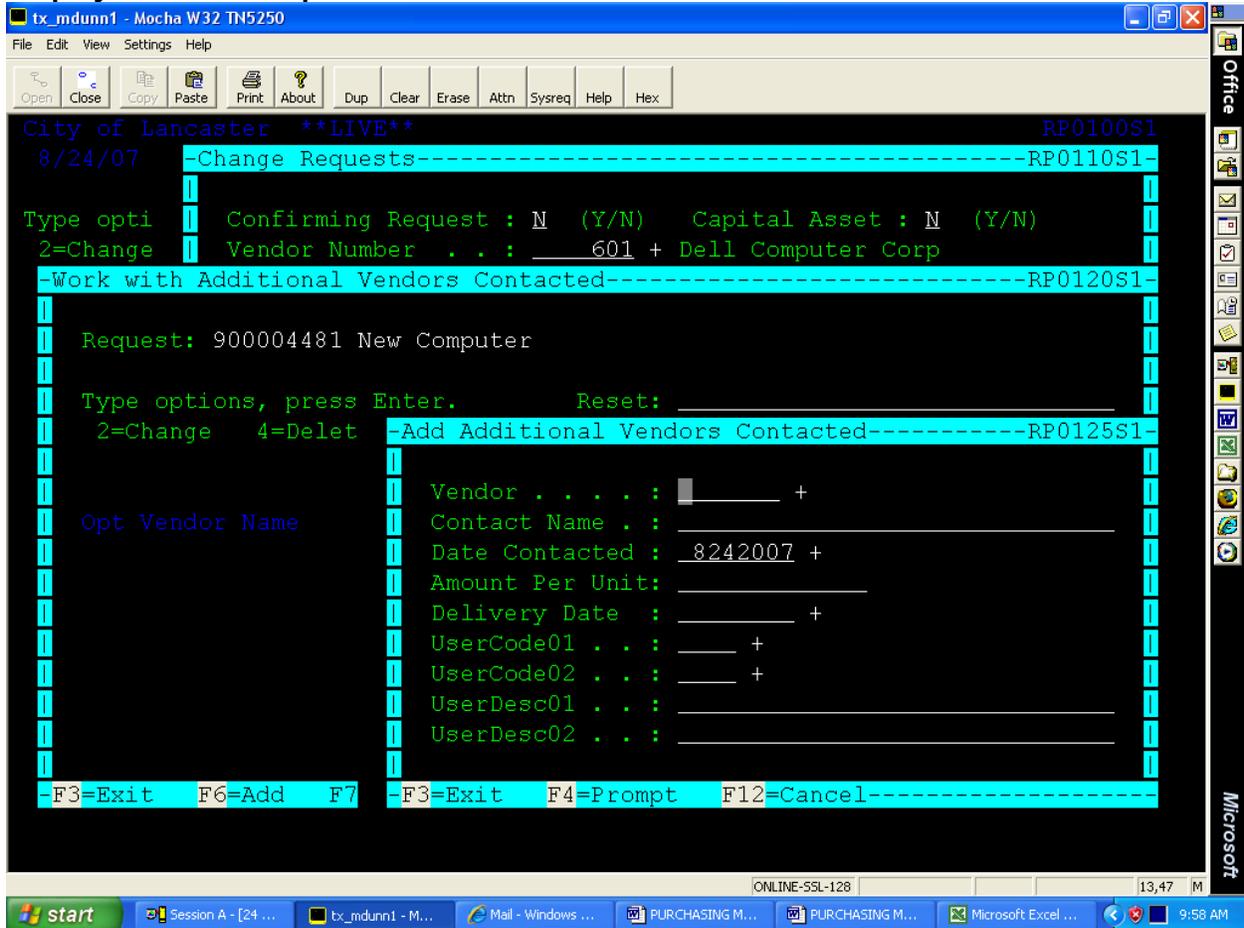
Display Screen Example



Instructions:

- 1. Press F6 to Add your Vendors.

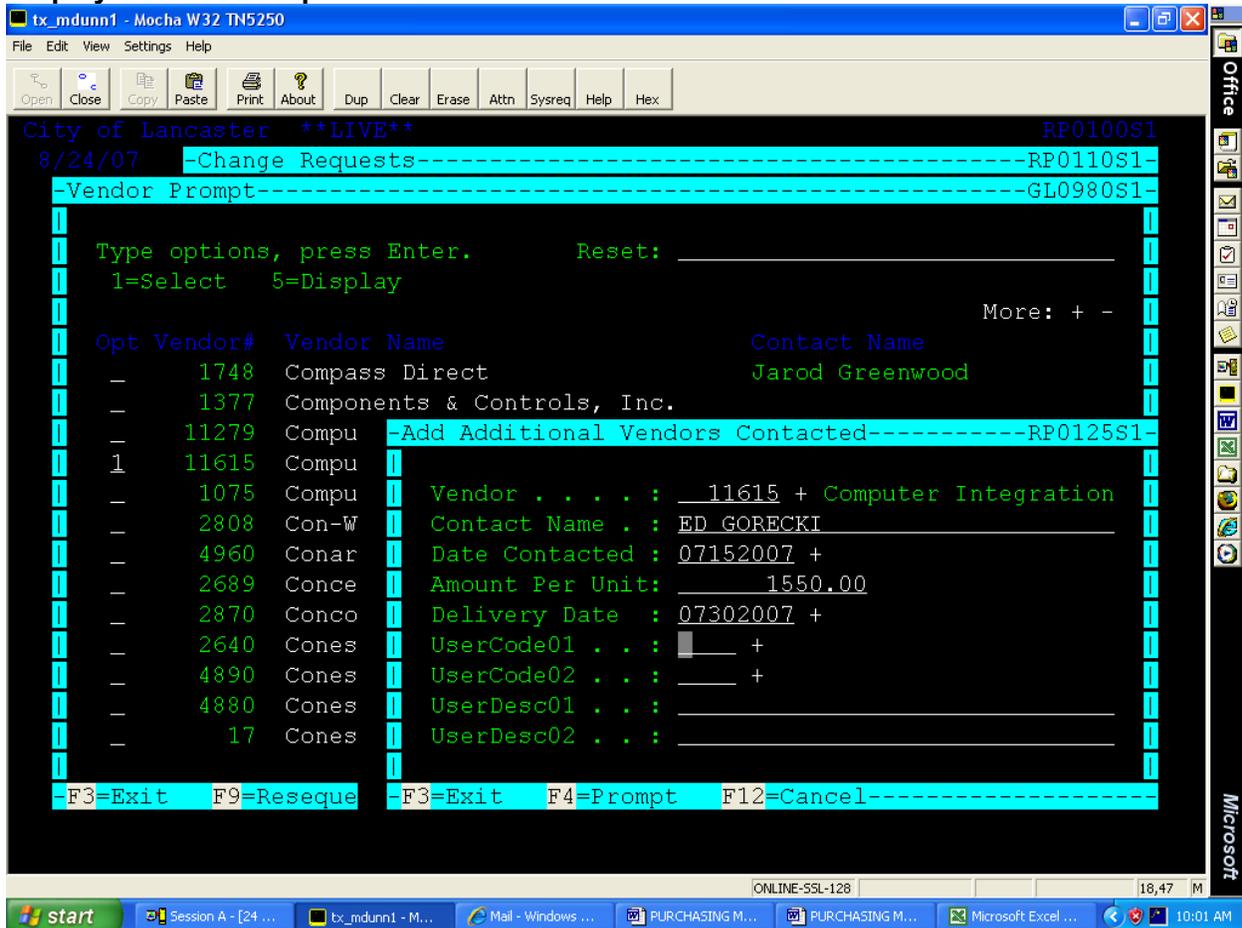
Display Screen Example



Instructions:

1. You will need to enter the following information:
 - Vendor Number
 - Contact Name (this information is not needed, but is helpful)
 - Date Contacted
 - Amount Per Unit
 - Delivery Date
2. Once this information is entered, press the Enter key to accept.
3. You will follow the instructions a second time to add your second addition vendor.

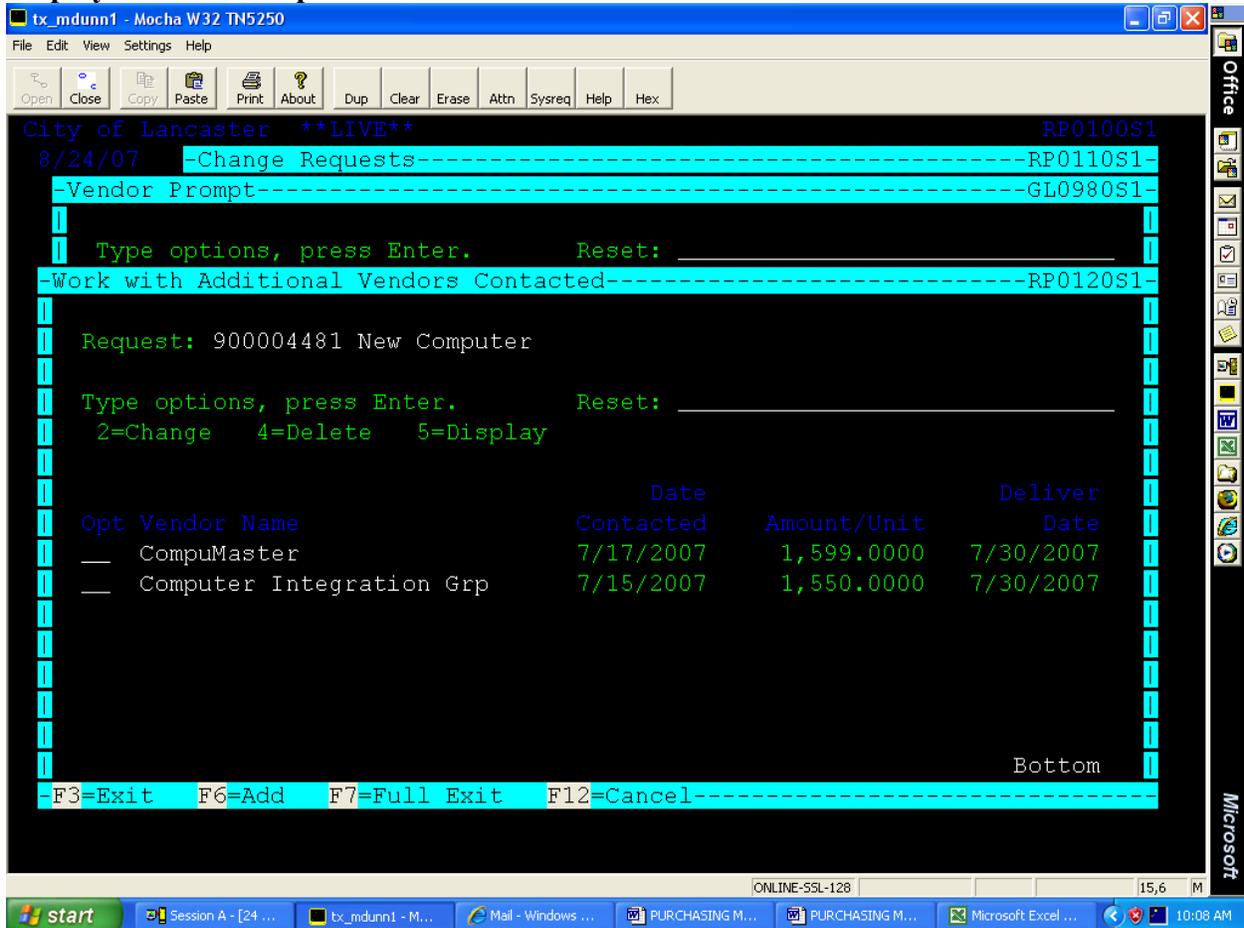
Display Screen Example



Instructions:

1. Once both of your additional vendors are entered, press F3 to Exit.

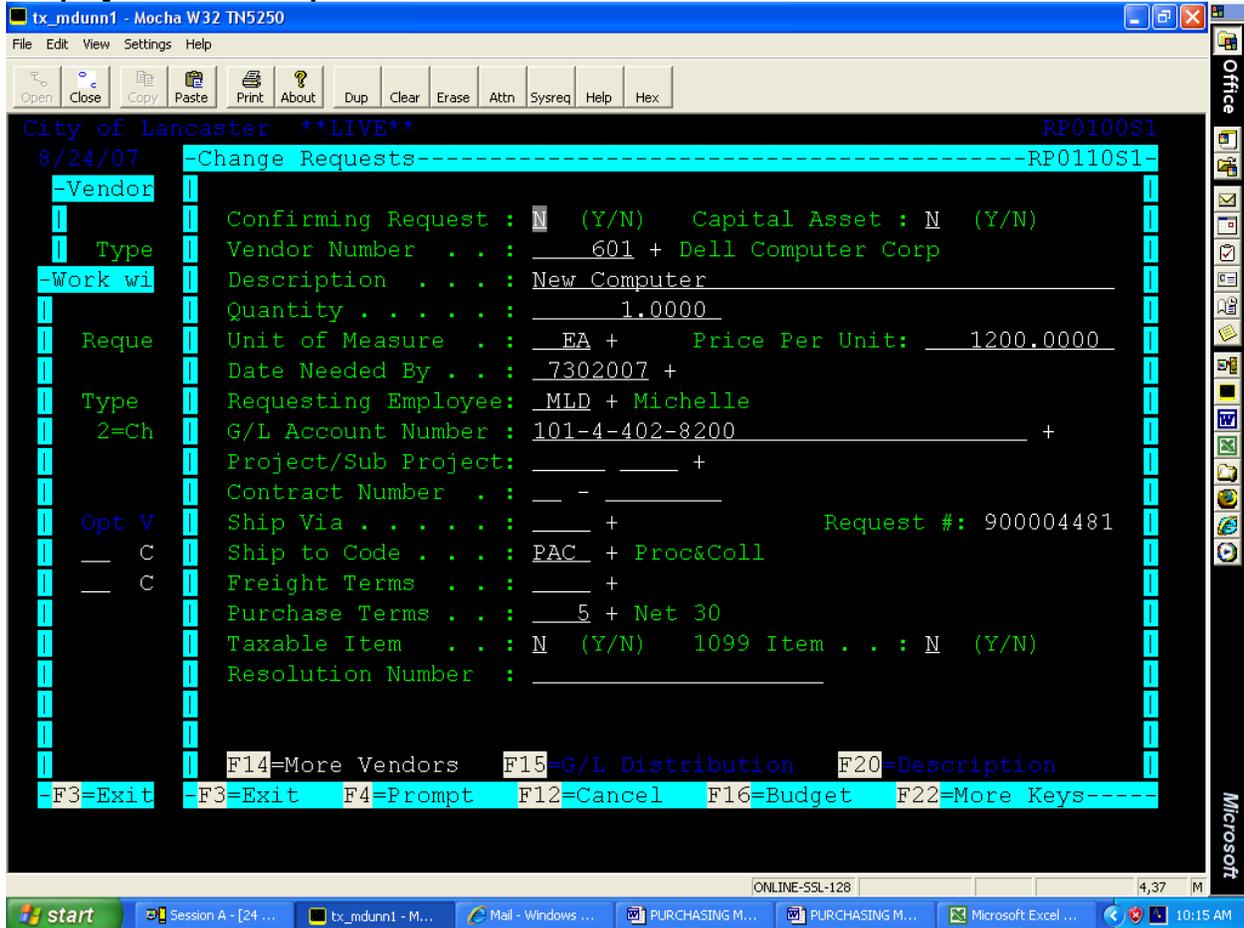
Display Screen Example



Instructions:

1. If you are purchasing your item from State Contract, Cooperative Purchasing, or Sole Source, that information is to be added in the Description section. Press F20, Description, to add this information.

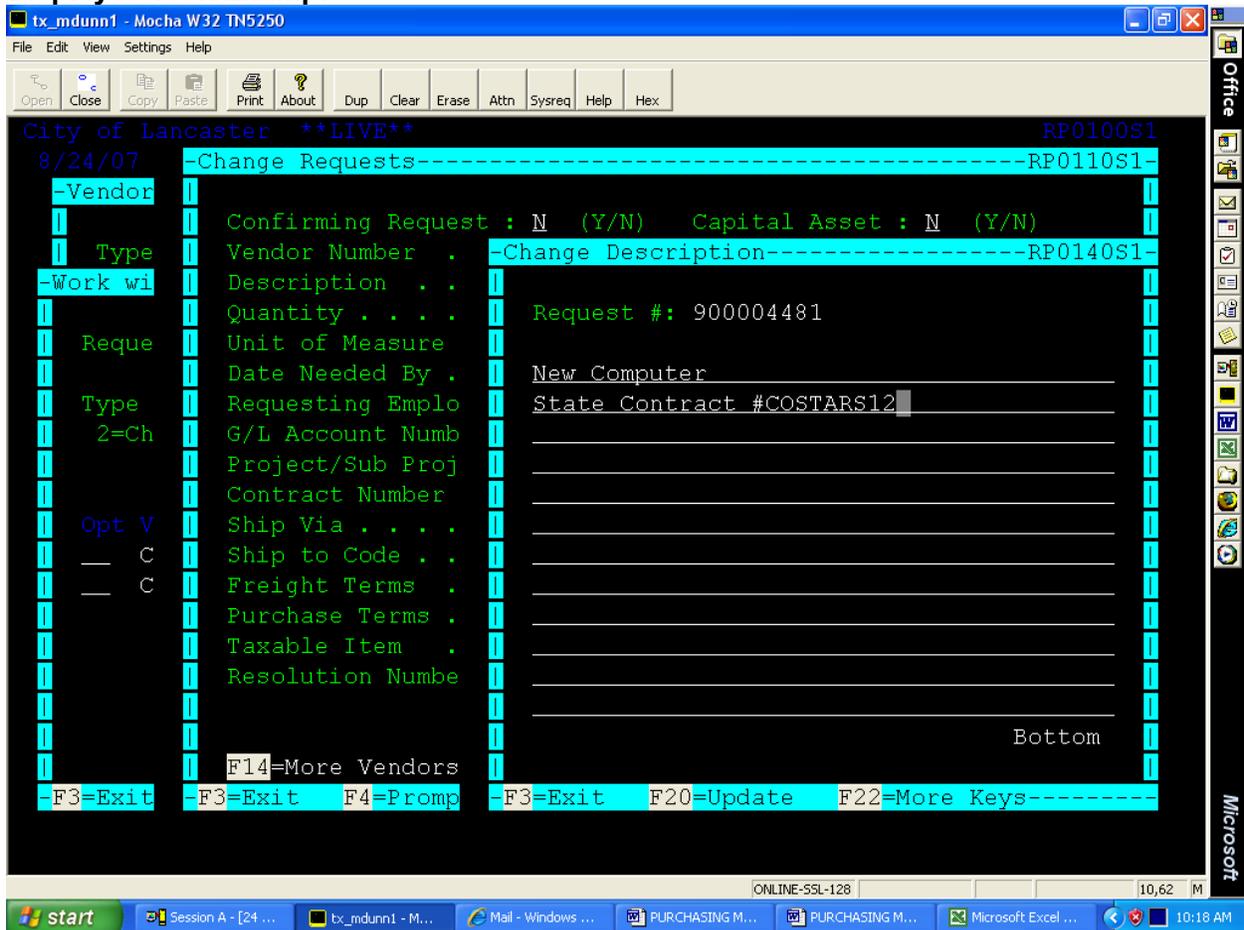
Display Screen Example



Instructions:

1. Enter the State Contract number, Cooperative number, or the words Sole Source in the Change Description box.
2. When you are done entering the information, you will press F20 to Update.
 - If you fail for update your information, it will not be in there for people to see when they go to approve your request and will delay in the approval process.
3. By pressing F20, you will be kicked back out to the Add Requests screen. Follow the instructions for Entering a Request for Purchase Order instructions to finish your request.

Display Screen Example



SECTION V
COMMENTS AND DESCRIPTION

Description

There is a line on each Purchase Order request called Description. This line is where you state what the item is that you are purchasing and a contract number if you are purchasing from a contract. Do not write any information on this line that is not a description of the item or a contract number. If you run out of room on the line, additional description can be added by using F20, titled Description. Any information added to the description, either on the line or in the additional description box, will be printed on the Purchase Order.

Examples of items that should be added to this section:

- Description of the item being purchased
- Any contract number, ie., City of Lancaster Contract, Lancaster County Cooperative number, COSTARS, or any other piggybacking number that the City may be using.

Examples of items that should NOT be added to this section:

- The words Sole Source
- The words Extreme Emergency
- Any information pertaining to the use of the requested item
- Additional information about the person or department that is requesting the item
- Any budget information
- Any other information that is NOT a simple description of the item being purchased and/or a Contract number.

Comments

The comments section is for internal use only. To add comments, you enter your request fully and enter. When you enter the Work With Departmental Approvals page, you would put a #24, for comments on the option line next to the request you would like to add additional information to. Any information that you would like to add about the request that is not the description of the item should be added here.

Examples of things that should be added to this section are:

- The words Sole Source
- The words Extreme Emergency
- Any information pertaining to the use of the requested item
- Additional information about the person or department that is requesting the item
- Any budget information
- Any other information that is NOT a simple description of the item being purchased or a Contract number.

APPENDIX B

PROCUREMENT CARDS

I. Overview

The City of Lancaster has established a Purchasing Card Program with Fulton Bank. The Purchasing Card is a convenient way to make purchases, and at the same time, reduce the cost associated with initiating and paying for those purchases.

The Purchasing Card is a VISA charge card and not a credit card as you may have for your own personal use. The difference is that the City is required to pay the full balance on the account every month.

A Purchasing Card is issued to a City employee for the purpose of making authorized purchases on the City's behalf. The City will issue payment for charges made with the Purchasing Card but you, as the card holder, are responsible for checking all transactions made on your card against the corresponding support documentation to verify accuracy.

Cardholders are authorized to use the purchasing card to purchase any merchandise or services required as a function of their duties at the City with the following exceptions:

- Advertisements
- Alcoholic beverages
- Cash Advances
- Cellular related charges
- Clothing
- Construction & renovation services
- Contracting
- Entertainment
- Financial Services
- Gasoline
 - Gasoline would be purchased via the City's Fleet Card
- Maintenance agreements
- Personal use items
- Recreation
- Signage
- Time payments of any type
- ANY purchases prohibited by City policy or not related to City business

Only the Cardholder whose name is embossed on the Purchasing Card is authorized to use the card. There is a maximum of \$500 per transaction limit for any one charge made with the Purchasing card and a minimum transaction amount of \$25. Any purchase less than \$25 should be made from petty cash.

The Purchasing Card must never be used to purchase items for personal use or for non-City purposes even if the Cardholder intends to reimburse the City. A Cardholder who makes an unauthorized purchase with the Purchasing Card or uses the Purchasing Card in an inappropriate manner will be subject to disciplinary action including possible card cancellation, termination of employment with the City, and/or criminal prosecution.

II. How to Obtain a Purchasing Card

Any employee who purchases for the City may have a Purchasing Card. Final determination of those to be issued a Purchasing Card will be made at the Bureau/Department level.

To obtain a Purchasing Card, the designated employee must complete and sign a "VISA Purchasing Card Cardholder Agreement", have the application signed by his/her supervisor, and return the application to the Bureau of Procurement and Collection.

Procurement and Collection will review the application and forward it to Fulton Bank. Fulton Bank will process the application and return a Purchasing Card in approximately five (5) business days.

The Cardholder must pick up the card in the Procurement and Collection Office to ensure delivery to the proper person.

III. Card Security, Card Lost or Stolen, Employee Separation

It is the Cardholder's responsibility to safeguard the credit card and account number to the same degree that a Cardholder safeguards his/her personal credit information.

If the card is lost or stolen, the Cardholder must immediately notify Fulton Bank at 1-800-VISA-911 and the Procurement and Collection office at 735-3433. A new card, with a new account number, will be issued to the Cardholder after the reported loss or theft. If a card that had been reported lost or stolen is subsequently found, the original card should be cut in half and returned to the office of Procurement and Collection.

Prior to employment separation from the City of Lancaster, the Cardholder shall surrender his/her Purchasing Card and the current month's supporting documentation to his/her supervisor. The supervisor must cut the card in half and forward it to the office of Procurement and Collection.

IV. How to Make a Purchase with the Purchasing Card

Only the Cardholder whose name is embossed on the front of the Purchasing Card is authorized to use the card.

The vendor who you are purchasing from needs to be informed of the fact that the City of Lancaster is a tax-exempt entity. Please provide the Vendor with our tax-exempt number for their records. You can pick up a card from the office of Procurement and Collection which states that you are a representative from the City of Lancaster and includes the City's tax-exempt number. Please verify at the point of purchase that NO sales tax has been included in the charges.

When making purchases in person, the Cardholder must sign the charge receipt and retain the customer copy for their records.

When making telephone, Internet, or mail order purchases, the Cardholder must give the vendor the account number embossed on their card. The cardholder is responsible for obtaining and retaining all documentation related to the purchase.

V. Merchandise Returns and Exchanges

The Cardholder is responsible for contacting the vendor when merchandise purchased with the Purchasing Card is not acceptable, (incorrect, damaged, defective, etc.) and arranging a return for credit.

If the merchandise is returned for credit, the Cardholder is responsible for obtaining a credit receipt from the vendor and retaining that receipt as supporting documentation for that return. Receiving cash or checks to resolve a credit is prohibited.

If merchandise is to be exchanged, the Cardholder is responsible for returning the merchandise to the vendor and obtaining a replacement as soon as possible. Documentation showing the proper resolution of the exchange is to be retained with the supporting documentation of the purchase.

VI. Record Keeping

The Cardholder is responsible for obtaining purchase documentation from the vendor to support all purchases made with the Purchasing Card. Acceptable supporting documentation includes original sales documents, packing slips, invoices, cash register tapes, credit card slips, etc. and must show the item, quantity, unit cost and cost of the total sale.

If record keeping is not adequate enough to verify purchases, your Purchasing Card may be revoked and your bill may not be paid.

VII. Monthly Billing Cycle and Reconciliation

The City's billing cycle ends on approximately the 30th of each month. On the last day of the billing cycle, Fulton Bank will send to the City a detailed statement of each account. Each Cardholder will receive a copy of his/her itemized monthly statement, a Transaction Log, and a cover sheet that will tell you the date that you need to have all your information returned to the Accounting Office. This reconciliation deadline is very important and may result in revocation of your Purchasing Card if you fail to comply.

Use your Monthly statement in conjunction with the Individual Transaction Log and any corresponding backup documentation to reconcile and distribute the incurred charges to the correct account codes. The Cardholder will need to complete and sign the Individual Transaction Log, get his/her supervisor's signature of approval. This Statement will then need a voucher attached with all supporting documentation attached and sent to the accounting office for payment.

THE NEXT TWO PAGES ARE EXAMPLES OF THE ENROLLMENT FORMS THAT NEED TO BE COMPLETED IN ORDER TO OBTAIN A PROCUREMENT CARD.

**VIII. EXAMPLES OF FORMS TO OBTAIN A PROCUREMENT CARD
CITY OF LANCASTER
PURCHASING CARD CARDHOLDER AGREEMENT**

I (employee name) _____, as the Cardholder, agree to the following conditions regarding my use of the City of Lancaster Purchasing Card:

1. I understand that by using the Purchasing Card, I will be making financial commitments on behalf of the City of Lancaster and that the City will be liable for all charges made with the Purchasing Card.
2. I will strive to obtain the best value for the City when purchasing merchandise and/or services with the Purchasing Card.
3. I agree to use the Purchasing Card only for authorized purchases and in an appropriate manner, as defined in the Purchasing Card Program Policies and Procedures.
4. I understand that should I make an unauthorized purchase with the Purchasing Card or use the Purchasing Card in an inappropriate manner, I will be subject to disciplinary action including possible card cancellation, termination of employment at the City of Lancaster and criminal prosecution.
5. I understand that the City will monitor and audit my use of the Purchasing Card and that the Purchase Limit for a single transaction is \$300.
6. I agree to return the Purchasing Card to an authorized City representative, as defined the Purchasing Card Program Policies and Procedures, immediately upon the request of the Purchasing Card Program Administrator or upon my transfer to a different department or upon termination of my employment at the City of Lancaster.
7. I have received a copy of the City of Lancaster Purchasing Card Program Policies and Procedures Manual and will abide by all the requirements set forth in said Manual.

My signature below indicates that I have read this agreement, understand it and agree to be bound by it, and any subsequent amendments or addenda, for as long as I am Purchasing Cardholder at the City of Lancaster.

Employee Signature: _____ Date: _____

Print Employee Name: _____

Employee Social Security Number (for identification purposes only) _____

Bureau Chief's Signature: _____ Date: _____

Supervisor's Signature: _____ Date: _____
(if applicable)

CITY OF LANCASTER PURCHASING CARD REQUEST

A VISA Purchasing Card is requested for the following employee:

First Name Middle Initial Last Name

Social Security Number Employee Number Cost Center

Home Phone Number Work Phone Number Job Title

Employee Signature (Indicates above information is correct) Date

Standard Limits:

Single Purchase Limit: \$300.00

Approving Supervisor/Bureau Chief:

Signature

(Individual who will approve Cardholder's monthly statement and receive monthly summary reports for all cards he/she reviews) _____
Print Name

Date

Card Issuance Approval:

Signature

Print Name Date