



*CONTRACTING, PURCHASING,
AND DISBURSEMENT
MANUAL*

AUGUST 2016

TABLE OF CONTENTS

	<u>Page</u>	
GOALS & GENERAL GUIDELINES		
Vendor Solicitation	1	
Quantity & Quality Purchases		2
Recycled Content Material	2	
Financial Gain -Endorsements-Personal Purchase	2	
Sales Tax	3	
Vendor Terms	3	
Compliance	3	
Organizational Conflicts	3	
Confidentiality	3	
External Funding (Grants)	3	
PURCHASING PROCEDURES		
Purchase of Goods	4	
Purchase of Vehicles	6	
Purchase of Land and Buildings	6	
Purchase of Services	7	
Purchasing Authorization Table	8	
Minimum Purchasing Procedures Table	8	
SPECIAL PROCUREMENT PROCEDURES		
Sole Source	9	
Emergency Purchases	9	
Cooperative Procurement Programs	9	
Public Works Contracts	9	
Blanket Purchase Orders	9	
Petty Cash Accounts	9	
REQUISITIONS AND PURCHASE ORDERS		
Requisition Entry	10	
Purchase Order Processing	11	
PAYMENT OF GOODS AND SERVICES		
Receipting of a Purchase Order	12	
Request for Payment (Claim)	13	
PURCHASING CARD PROGRAM		
Program Administration-General Administration	14	
Cardholder Limits – Unauthorized Use	15	
Unauthorized Use-Purchasing Procedures	16	
Cardholder Recordkeeping Requirements	18	

APPENDIXES

Appropriation Transfer Form

A

Request for Payment Form

B

Purchase Authorization Form (Vehicles)

C

Request for Change –Cardholder

D

CITY OF БЕЛОIT

CONTRACTING, PURCHASING & DISBURSEMENT MANUAL

GOALS

This manual has been designed to ensure that all City departments meet the policies set by the City Council with regard to the expenditure of public funds. It will be the responsibility of the departments to initiate purchases, with the Accounting/Purchasing Division having oversight of the rules set forth by this manual. If these policies are adhered to, the City will receive the maximum value for each public dollar spent.

The City Council has outlined specific types of contracts that must be approved by the Council as stated in Code of General Ordinances of the City of Beloit Section 3.07. In addition, the City Council has authorized the City Manager to delegate to a Department or Division Director the ability to execute contracts for purposes and amounts as provided by the adopted budget. This manual outlines the types and dollar limits of this authority as delegated by the City Manager.

The basic goals of the City's purchasing program are:

1. To comply with the legal requirements of public purchasing as defined by Wisconsin Statutes.
2. To assure vendors that impartial and equal treatment will be afforded all who wish to do business with the City.
3. To receive maximum value for each public dollar spent.
4. To provide City departments the required goods and services at the time and place required in the proper quantity and quality.
5. To assure proper approvals are secured prior to the purchase and disbursement of public funds.
6. To establish standard procedures to be followed in making purchases.

If the procedures and guidelines established in this manual are followed, each department will efficiently manage, control and plan its available resources to meet present and future departmental needs and help the City meet these goals.

SECTION I GENERAL GUIDELINES

These general guidelines should be considered administrative rules and regulations and are to be adhered to as closely as possible by all departments in the procurement of goods and services.

- 1.01 Vendor Solicitation It is the desire of the City to purchase from City of Beloit vendors when possible. This can be accomplished by ensuring that City of Beloit vendors who have goods or services available are included in the competitive solicitation process that will

precede major purchases. It is also the desire of the City to purchase from disadvantaged enterprise businesses whenever possible as defined by Wisconsin Statute 84.06 (1).

The City has a responsibility to its residents, however, to insure that the maximum value is obtained for each public dollar spent. It is assumed that City of Beloit vendors and disadvantaged enterprise business vendors, who wish to do business with the City, will offer the lowest possible quote for the item being purchased.

- 1.02 Cooperative Procurement Programs Departments are encouraged to use cooperative purchasing programs sponsored by the State of Wisconsin or other jurisdictions. Purchases made through these programs have met the requirements of competitive shopping.
- 1.03 Planning Planning for purchases should be done on both a short-term and a long-term basis. Small orders and last minute purchases should be minimized, thereby increasing the capability of each department to purchase its goods and services in larger quantities in order to obtain the maximum discounts possible.
- 1.04 Quantity Purchases It is the responsibility of the requesting department to obtain products and services in the most cost-effective manner. This is to include the purchasing of similar items in quantity purchases whenever possible and when deemed to be the most beneficial to the City.
- 1.05 Quality Purchases It is the responsibility of the requesting department to secure the best quality for the purpose intended. Quality purchasing is the buying of goods or services that will meet but not exceed the requirements for which they are intended. In some instances the primary consideration is durability. With other purchases, it may be a question of immediate availability, ease of installation, frequency of repair or efficiency of operation that must be given primary consideration. It is the responsibility of each Department Director to become familiar enough with the available equipment to determine the appropriate quality required in order to develop specifications.
- 1.06 Recycled Content Materials The City shall, to the maximum extent practicable, purchase products made from recycled and recovered materials as defined by City Ordinance 17.06(11)(a)(b)(c).
- 1.07 Financial Gain No employee of the City, involved in procurement, shall have a financial interest in any procurement, nor receive any gratuity or other financial gain from any contractor/vendor. (See also Code of Ethics for City Officials and Personnel Policies - Conflict of Interest)
- 1.08 Endorsements The City will not endorse or in any way permit an employee's name, position, or the City's name to be used and advertised as supporting a product or vendor.
- 1.09 Personal Purchases Purchases for employees by the City are prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special

consideration in personal purchases. Employee purchase programs may be established with vendors, with prior approval of the City Manager, provided that the vendor provides similar programs to employees of other private entities.

- 1.10 Sales Tax The City is exempt from paying all local and state sales taxes or Federal Excise taxes. The Accounting Division can provide the necessary exemption documents to any vendor upon request. The City of Beloit's exemption number is ES 42876.
- 1.11 Vendor Terms The City of Beloit requires credit terms of net 30 days for the optimal use of its cash resources. It shall be considered a negative factor for any vendor to submit a bid for product or services with terms less than the net 30 days.
- 1.12 Compliance All procurement will comply with applicable Federal, State, and local laws, regulations, policies and procedures.
- 1.13 Organizational conflicts The structure, scope, and specific activities to be performed may be reviewed by the City Attorney in order to prevent real or apparent organizational conflicts of interest. An organizational conflict of interest would exist when the nature of the work performed under a proposed contract may, without some restriction of future activities, result in unfair competitive advantage to the contractor or impair the contractor's objectivity in performing the contracting work.
- 1.14 Confidentiality All City employees must maintain strict confidentiality in the procurement process and shall not impart privileged information to any contractors that would give them an advantage over other potential contractors.
- 1.15 External Funding (Grants) and External Board Requirements Any department or division which has requirements concerning purchasing of goods or services which are governed by other governmental agencies (grants) and/or external board requirements will meet the requirements set forth by this policy and/or the requirements of that entity, whichever is more restrictive.

SECTION II PURCHASING PROCEDURES

The City Council has established policies regulating purchasing of goods and services, depending on the cost and type of the items to be purchased. The splitting of purchases into small orders to avoid these requirements is prohibited.

All purchases greater than \$2,500.00 must be entered into the MUNIS requisition process for processing.

PURCHASE OF GOODS

- 2.1 Purchases Up To \$2,500.00 Purchases of goods having a value up to \$2,500.00 must be approved by a Division Director or a Department Director. A Request for Payment Form (Appendix B) is to be submitted with appropriate documentation attached. Petty cash should be used for purchases of \$50.00 or less. See Petty Cash Section 3.6.
- 2.2 Purchases of \$2,500.01 - \$5,000.00 Purchases of goods having a value of \$2,501.00 - \$5,000.00, inclusive, must be approved by a Department Director prior to placing an order with a vendor.
- 2.3 Purchases of \$5,001.00 - \$25,000.00 Purchases of goods having a value of \$5,001.00 - \$25,000.00, inclusive, must be approved by a Department Director prior to placing an order with a vendor. The department must request (3) three written quotations **from eligible vendors** for purchases over \$5,000.00 prior to placing an order. For purchases determined to be sole source, the guidelines established in 3.1 are to be followed.

A requisition must be entered into the MUNIS financial system for processing. **Quotation information is to be entered in the Vendor/Sourcing Notes section of the requisition.** Original quotations must be retained in the department.

- 2.4 Purchases in Excess of \$25,000.00 Purchases in excess of \$25,000.00 will need to follow the formal bid process. When goods are bought under the formal competitive bidding process, specifications must be prepared. Specifications, regardless of the type, should incorporate the following:
- identify minimum requirements
 - allow for a competitive bid
 - be capable of objective review
 - provide for an equitable award at the lowest possible cost

General Guidelines

a. Specifications should be written in as simple terms as possible while maintaining the exactness required keeping bidders from misinterpreting the requirements. Name brands or known standard specifications may be used when identifying specific quality. All specifications that utilize a name brand must include the term "or equivalent" to avoid being restrictive and eliminating fair competition from the bidding process.

b. Specifications should promote competition. Specifications so drafted should allow several bidders to provide the City with alternatives and ensure that the City obtains the lowest possible price for the goods or services required.

c. Flexibility in specifications is desirable in instances where new technologies are being

sought. Specifications should be specific enough to guarantee the quality required but sufficiently flexible to allow vendors to be creative in their proposals. Department Directors contemplating flexible specifications should contact the Director of Accounting/Purchasing to discuss format and degree of flexibility.

The requesting department will prepare the necessary bid package, public notices, and advertisements as outlined below.

Bidding Procedures

The requesting department contracting for the City shall follow the procedure set forth in relation to all bids required above.

- A. All notices and solicitations of bids shall state the time and place for opening.
- B. All bids shall be submitted sealed to the City official designated in the bid packet and shall have the bid name and date identified on the envelope.
- C. All bids shall be opened in public at a time and place stated in the public notices.
- D. A tabulation of all bids received shall be available for public inspection. Upon receipt of identical lowest bids, preference will be given to City of Beloit vendor first, then by a coin flip.
- E. In the event that a single bid is received, it will be necessary for the Department Director, in coordination with Director of Accounting and Purchasing, to conduct a price analysis of the bid price prior to the award of the contract.
- F. Any interested party, who wishes to protest the award of a contract bid, must submit a detailed statement, in writing, of the grounds for protest and any supporting documentation to the Director of Accounting and Purchasing within five (5) working days following the decision notice of award. The interested party must, however, be an actual or prospective bidder whose direct economic interest would be affected by the award, or failure to award the contract bid. Award of contract will be suspended temporarily unless this action will cause undue harm to the City of Beloit. The protest will be forwarded to the Director of Finance and Administrative Services for further review and award of contract based on that review.
- G. When the City determines, in its sole discretion, that the time of delivery or performance is of the essence, it shall set out a liquidated damages provision in the contract document which may also be accompanied by a performance bond.
- H. The requesting Department Director, shall have authority to reject any and all bids or parts of all bids and re-advertise or re-solicit bids whenever it is deemed to be the best interest of the City.

Approval

After the bids are publicly opened, the bid will be turned over to the Department Director for review and analysis. It is the responsibility of the requesting Department Director to review and investigate all bids received and to make a determination regarding award to the lowest responsive and responsible bidder to the bid specifications, for the entire purchase or contract or for any part thereof. In determining the lowest responsive and responsible bidder,

the following shall be considered:

- A. The ability, capacity and skill of the bidder to perform the contract or provide the services required.
- B. The ability of the bidder to perform the contract or provide the services promptly or within required time periods without delay or interference.
- C. The quality of performance of previous contracts or services.
- D. The previous and existing compliance by the bidder with laws and ordinances of the City.
- E. The financial resources and the ability of the bidder to perform the contract or provide the service.
- F. The quality, availability, and adaptability of the supplies or services

The award will, normally, be the lowest responsible bidder meeting specifications. Any award not given to the lowest responsible bidder must be thoroughly documented by the Department Director.

A requisition must be entered into the MUNIS financial system for processing. Bid information is to be entered in the Vendor/Sourcing Notes section of the requisition.

2.5 Vehicle Purchases For purchases that are identified on the vehicle replacement list in the Capital Improvement Program, a Purchase Authorization form (Appendix C) is to be completed and forwarded to the Budget & Finance Coordinator for review and verification of funding. Upon verification, the requesting department is to follow the steps outlined in 2.3 above. For purchases that have not been identified in the Capital Improvement Program, prior approval of the City Manager must be obtained.

2.6 Land and Buildings Whenever any purchase or lease of land or buildings is contemplated, the requesting Department Director will notify the City Manager of the intent. The City Manager will evaluate the requests and forward to the Community Development Department or another designated department for further processing. Such acquisitions require prior approval by the City Council and shall follow all state and local guidelines and requirements.

This policy does not supersede the City of Beloit Municipal ordinance 3.11 (1) (d) that governs the purchase and sale of real estate in order to collect a loan or other debt owed the city. Nor does this policy alter the procedures regarding the ability of the Community Development Authority to purchase and sell property as part of its duties as authorized in Wisconsin Statutes 66.1335.

PURCHASE OF SERVICES

- 2.7 Nonprofessional Services Purchases of non-professional services, such as cleaning or maintenance are to follow the procedures as outlined in the section above for purchase of goods. Requests for proposals (RFP's) may be used to acquire vendor information.
- 2.8 Professional Services Normal bidding procedures cannot be utilized in securing professional services such as attorneys, engineers, certified public accountants, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive process.

A Request for Proposal (RFP) can be prepared much the same way as specifications, including requirements and minimum standards for the services to be provided. A Request for Qualifications (RFQ) may, also, be used to qualify potential vendors prior to the formal process. RFP's over \$25,000.00 should be submitted to the City Attorney for review and approval. An invitation to submit a proposal will be prepared by the office of the Department Director and distributed to qualified vendors. RFP's should include the following items as part of the document:

- Request for references
- Required services
- Proposal evaluation criteria

Vendors should be able to respond setting forth their interest, qualifications, and how they can meet the City's needs. In securing professional services it is the primary goal of the City to obtain the services of a professional who has a proven record of providing, in a professional way, those services required. Purchase of professional services is to follow the procedures as outlined below:

a. Services Up To \$2,500.00 Services having a value up to \$2,500.00 must be approved by a Division Director or a Department Director. A request for payment (claim) form is to be submitted with appropriate documentation attached.

b. Services of \$2,501.00 - \$10,000.00 Services having a value of \$2,501.00 - \$10,000.00 must be approved by a Department Director. A requisition must be entered into the MUNIS financial system for processing.

c. Services of \$10,000.01 - \$25,000.00 Services having a value of \$10,001.00 - \$25,000.00 must have a written contract between the parties. The contract must be approved and signed by the Department Director. Upon execution of a contract, a requisition must be entered into the MUNIS financial system for processing.

d. Services In Excess of \$25,000.00 Services having a value over \$25,000.00 must prepare a RFP or a RFQ, and have a written contract prior to services being provided. Services that

have been included in the annual budget must be approved and signed by the City Comptroller and should be reviewed by the City Attorney as to appropriate form. Services that have not been included in the annual budget must be approved by the City Council. Non-recurring, special purpose contracts must also be approved by the City Manager. Upon execution of a contract, a requisition must be entered into the MUNIS financial system for processing.

The following tables outline the purchasing authorization and minimum purchasing procedures as determined above.

<u>PURCHASING AUTHORIZATION</u>				
	Division Director	Department Director	Comptroller	**City Manager
Petty Cash < \$50	X			
Purchase of Goods (\$50-\$2,500)	X			
Purchase of Goods (\$2,501-\$5,000)		X		
Purchase of Goods (\$5,001 - \$25,000)		X		
Purchase of Goods >\$25,000		X		
Purchase of Services (\$0-\$2,500)	X			
Purchase of Services (2,501 - \$10,000)		X		
Purchase of Services (\$10,001-\$25,000)		X		
Purchase of Services > \$25,000		X	X	X

** Non-recurring, special purpose service contracts

<u>MINIMUM PURCHASING PROCEDURES</u>						
	Claim Form	Requisition/Purchase Order	Written Quotes	Competitive Bid	Request for Proposal or Request for Qualification	Written Contract
Petty Cash < \$50	X					
Purchase of Goods (\$50-\$2,500)	X					
Purchase of Goods (\$2,501-\$5,000)		X				
Purchase of Goods (\$5,001-\$25,000)		X	X			
Purchase of Goods >\$25,000		X		X		
Purchase of Services (\$0-\$2,500)	X					
Purchase of Services (\$2,501-\$10,000)		X				
Purchase of Services (\$10,001-\$25,000)		X				X
Purchase of Services > \$25,000		X			X	X

SECTION III

SPECIAL PROCUREMENT PROCEDURES

The City may need to purchase goods or services under circumstances that do not clearly fit the patterns of normal public procurement and for which normal competitive shopping procedures do not apply. The following guidelines are provided with regard to making such purchases.

- 3.1 Sole Source In the event that there is only one vendor capable of providing a particular good or service, the competitive shopping procedures outlined in this manual may be waived by the Finance and Administrative Services Director. If a Department Director determines that he/she must purchase goods or services from a "sole source vendor" he/she should include the circumstances in the Vendor/Sourcing Notes section of the requisition.
- 3.2 Emergency Purchases Bid procedures outlined in this manual may be waived by the Department Director under emergency conditions when a delay may threaten the basic mission of a department. Equipment repairs or other circumstances will necessitate emergency purchasing which cannot await compliance with these regulations.
- 3.3 Cooperative Procurement Programs Department Directors are encouraged to use cooperative purchasing programs sponsored by the State of Wisconsin or other jurisdictions. This process can eliminate paperwork and reduce costs for a product or service due to the large quantity purchases made by these entities. Purchases made through these programs have met the requirements of competitive shopping. Contract numbers obtained from these entities are to be noted on the requisition upon submission.
- 3.4 Public Works Contracts Public works contracts as defined in City Ordinance 3.11(2) are not covered by the provisions set forth in the City Purchasing Policy.
- 3.5 Blanket Purchase Orders Blanket purchase orders are used for goods or services purchased in small quantities for repairs or products when time is of the essence. Blanket PO's may be issued following the completion of competitive bids or quotes or to area vendors based upon price, product availability and convenience. Typical purchases would include hardware, plumbing or electrical supplies, or repair parts that are needed on a fairly immediate basis to facilitate maintenance and repair of city vehicles, equipment, and facilities. All blanket purchase orders must be approved by the Director of Finance and Administrative Services. The purchase order remains open for a period of up to one fiscal year to purchase the goods or services.
- 3.6 Petty Cash Accounts Petty Cash funds are created for the purpose of reimbursing employees for most expenditures of less than \$50.00. The Department Director designates a custodian to oversee the fund and it is his/her responsibility to release cash under certain guidelines.

Advances The custodian can distribute up to \$50.00 to an employee authorized to purchase.

The employee initials on an Advance Log that the money has been received. The employee returns with the receipt and gives change for any balance and the custodian makes a note in the log.

Reimbursements The purchaser submits a receipt for purchased goods or a travel expense log sheet with receipts signed by a supervisor and is reimbursed by the custodian. If the custodian is the purchaser, he/she is reimbursed by his/her supervisor. The receipt should be signed by the purchaser with a full account number indicated. Further procedures for custodians are outlined in “Instructions for Petty Cash Custodians” available in the Accounting/Purchasing Division.

SECTION IV REQUISITIONS AND PURCHASE ORDERS

Requisitions are a means by which departments enter formal requests for the purchase of goods and services. A requisition must be entered into MUNIS at the time a commitment to purchase is made for all purchases greater than \$2,500.00. In order to ensure expeditious processing, it is important that all information be completed accurately by the requesting department.

REQUISITION ENTRY (MUNIS)

Screen 1

The screenshot displays the 'Requisition File Maintenance' window in MUNIS. Key fields include:

- Dept/Loc:** 00002 (ACCOUNTING AND PURCHASING)
- Fiscal year:** 2008 (Current)
- Requisition number:** 519
- General description:** SANDBAGS
- Vendor:** FLIGHT FOR LIFE, 9000 W. WISCONSIN AVE, MILWAUKEE, WI 53226
- Status:** 4 Allocated
- Entered:** 07/09/2008
- Line Item Table:**

Line	Qty	Commodity	Inv item	Unit Price	UOM	Freight	Disc %	Credit	Line Total
1	50.0			10.00000	Each	0.00	0.00	0.00	500.00

The following are required fields:

- Dept/Loc The requesting department
- Req# Assigned by the computer
- General Description A brief description of the product(s) or services
- Vendor The vendor from whom the product or service is being purchased from
Review PO mailing and remit address
- Vendor Notes This is a mandatory field for pricing information for purchases over

\$5,000.00.

Screen 2

The screenshot shows a software window titled "Line Detail" with a menu bar (My, File, Edit, Tools, Help) and a toolbar. The main area is divided into several sections:

- Requisition:** Fiscal year: 2008, Number: 519, Line: 1.
- Detail:**
 - Quantity: 50.0
 - Unit price: 10.00000
 - UOM: Each
 - Freight: .00
 - Discount percent: .00
 - Credit: .00
 - Line item total: 500.00
 - Description: 50 POUND PLASTIC SANDBAGS
- Miscellaneous:**
 - Vendor: 1234
 - Dept/Loc: 00002 ACCOUNTING AND PURCHASING
 - Fixed asset: N
 - 1099 box: C-CORP
 - Required by: [blank]
 - Notify buyer:
 - Bid: [blank]
 - Requested by: [blank]
 - Amount justification: [blank]
- Table:**

Seq	Org	Obj	Project	Description	Amount	Bud
01	01611700	5332		OFFICE/COMP EQUIP & S	500.00	U

The following are required fields:

Quantity	The number of items being purchased
Unit Price	The cost per item
UOM	The unit of measure (ea, gal, foot, etc.)
Description	Description of the product or services
Org/Obj/Proj	The departmental account number that the item is being charged to (Note – this can be charged to multiple accounts if necessary)

PURCHASE ORDER PROCESSING

A City of Beloit Purchase Order will be initiated upon approval of the requisition by the department and the Director of Accounting/Purchasing. There are two types of purchase orders that can be used:

1. **Original** Original purchase orders are generated by the Accounting/Purchasing Division and sent to the vendor. This purchase order is the first contact that a vendor has notifying him of the intent to purchase goods or services. Blanket purchase orders can, also, be generated for general authority to purchase multiple items on a continuing basis (see 3.5 above).
2. **Confirming** Confirming purchase orders are to be used for emergency situations when the original purchase order system cannot be used. A purchase order number pre-assigned by the Director of Accounting/Purchasing, or designee, can be used to place the order with the vendor. The requisition submitted must include the pre-assigned number and the wording "confirming" so that duplicate orders are not generated. The use of confirming purchase orders should be

limited.

A City of Beloit Purchase Order will be computer generated and distributed as follows:

- White (original) - Vendor
- Yellow (receiving) - Department (copy to return to Accounting/Purchasing as product/service received)

SECTION V PAYMENT OF GOODS AND SERVICES

Documentation of expenditures must be attached to all types of requests/verifications. Acceptable documentation includes:

1. Original invoices
2. Receipts for items purchased for the City
3. Mileage Reports or Weekly Expense Reports with receipts attached

RECEIPTING OF A PURCHASE ORDER

Upon receipt of the goods or services of a purchase order, the requesting Department is responsible for confirming the quantity and quality of the goods or services received. All requests for payment are to be forwarded to the Accounting/Purchasing Division by 10:00 AM on Thursdays.

- A. Completed Order After verification of goods or services is completed, the Department shall complete the yellow Purchase Order Receiving Copy, obtain Division/Department Head signature, and forward to the Accounting/Purchasing Division for processing of payment.
- B. Partial Order After verification of partial receipt of goods or services, the Department shall make a copy of the Purchase Order Receiving Copy with items received noted, obtain Division/Department Head signature, and forward to the Accounting/Purchasing Division. Upon final completion of the order, the yellow Purchase Order Receiving Copy should be forwarded.
- C. Blanket Purchase Orders The following outlines the process for payment of goods and services by use of a blanket purchase order:
 1. Contracted services that are provided to one division. The Division/Department Head will sign the "Blanket Purchase Order" attesting to the purchase.
 2. Contracted services that are provided to multiple divisions. An invoice that is received for services of another division shall be forwarded to that division's support staff to obtain the Division/Department Head signature. All signed invoices shall be returned to the requesting division. Services that have a yearly contract such as utilities shall use receiving information provided by the division.

3. Goods under \$2,500.00 that are purchased in one division. Goods that are purchased within a division will need to have the employee's name and signature. If the vendor provides a pick ticket or packing slip, this must be signed by the employee and forwarded to the division support staff to retain within the division. The Division/Department Head will sign the "Blanket Purchase Order" attesting to the purchase.
4. Goods under \$2,500.00 that are purchased in multiple divisions. An invoice that is received for goods of another division shall be forwarded to that division's support staff to obtain the Division/Department Head signature. All signed invoices shall be returned to the requesting division. The Division/Department Head will sign the "Blanket Purchase Order" attesting to the purchase for their division.

REQUEST FOR PAYMENT (CLAIM)

The Request for Payment form (Appendix B) is to be used for the following types of expenditures:

- Purchase of goods or services up to \$2,500.00.
- Reimbursement of employee expenses such as travel, meals, or miscellaneous expenses over \$50.00. (See Petty Cash Accounts 3.6 for expenditures under \$50.00)
- Consolidated payments made by the Accounting/Purchasing Division such as utilities and office supplies.

The form shall be completed, approved by the Department or Division Director, and forwarded to the Accounting/Purchasing Division by 5:00 PM on Thursdays. Documentation of the purchase or reimbursement must be attached to the form. Claims are not to be used when a purchase order has already been processed. Documentation of expenditures must be attached.

It is the policy of the city to pay its vendors in a timely manner. If a special (manual) check must be issued, the Finance and Administrative Services Director must approve prior to issuance. All documentation of expenditures must be attached to the Request for Payment form.

SECTION VI PURCHASING CARD PROGRAM

The City of Beloit is providing an alternate approach to purchasing goods and services by offering a Purchasing Card Program to departments and select City employees. The Purchasing Card Program is designed to make it easier and more cost effective for City personnel to make small dollar purchases of goods and services from any supplier that accepts MasterCard. This program is primarily for purchases of goods and services having a single purchase value up to \$2,500.

These policies and procedures are intended to provide guidelines to cardholders in utilizing their purchasing cards, and all cardholders should carefully read this document. A cardholder's signature on the Cardholder Agreement Form indicates that the cardholder understands the intent of the program and agrees to adhere to these guidelines. In the event these guidelines are not followed appropriate disciplinary action may be taken up to and including termination. The determination and administration of any disciplinary actions resulting from purchase card abuse shall be the responsibility of the City's Human Resources Division.

PROGRAM ADMINISTRATION

The City's purchasing card Program Administrator is the Director of Accounting and Purchasing. The Program Administrator's responsibilities include the following:

- Authorization, set-up, and issuing of all purchasing cards.
- Authorization and processing of changes to cardholder transaction limits.
- Receiving and distributing of electronic reports.
- Serving as the primary contact for cardholder questions.
- Conducting cardholder training.

GENERAL INFORMATION

The City issues purchasing cards to designated departments and employees. Elected officials are not included in the purchasing card program. The cardholder's name or department is embossed on it, as well as the City's logo. No person other than the person or department to whom the purchasing card is issued or allowed by the department is authorized to use the assigned purchasing card. The card is to be used for official City business only. Use of the card for personal items is not permitted.

The purchasing cards are issued to the City of Beloit by JPMorgan Chase and assigned to specific users. Personal information of cardholders is NOT provided to JPMorgan Chase when cards are issued. JPMorgan Chase is provided with a cardholder's date of birth and the employee's phone extension or the last four digits of their Social Security number for verification purposes only. Card activity is not reported on a cardholder's personal credit report, and, likewise, activity on the card is not used to compute a cardholder's credit score with reporting agencies. Activity on the Purchasing Card Program is reported on the City's credit report.

The purchasing card is as easy to use as any credit card and is just as widely accepted. The only difference between a credit card and a purchasing card is that the latter is a corporate liability charge card with certain restrictions and limitations imposed on the cardholder. Card privileges may be rescinded at any time at the discretion of the Program Administrator if policies and/or procedures are not followed by the cardholder.

Purchasing cards must be kept in a secure place. Although the purchasing card is issued in the cardholder's name, the card remains the property of JPMorgan Chase Bank and the City of Beloit.

All charges made on City purchasing cards are billed directly to the City on a monthly summary invoice. This process minimizes paperwork and streamlines the payment process.

Training will be provided with the issuance of all purchasing cards to ensure that all policies and procedures are clearly understood. An employee or department will not be issued a purchasing card until training has been completed.

The cardholder will only be able to use the purchasing card for specific Merchant Category Codes (MCC) assigned for each user, based on necessity specific to each cardholder. Each card will be issued with a group of MCC's based on the probable use of the card by each user. If the cardholder attempts to use the purchasing card for a MCC not set up, the transaction will be denied. If necessary, the Program Administrator can adjust the MCC's assigned to each cardholder.

Each cardholder will be required to review and verify their purchasing card transactions on a monthly basis. Please refer to the "Cardholder Recordkeeping Requirements" section below.

CARDHOLDER LIMITS

- In addition to being assigned to a specific MCC group as mentioned above, each cardholder has the following limits applied to his/her purchasing card:
- Credit Limit – This is the maximum amount that a cardholder is authorized to spend in any given billing cycle.
- Single Purchase Limit – This is the maximum amount that a cardholder is authorized to spend on any single purchase.
- Authorizations Per Day – This is the maximum number of transactions that a cardholder is authorized to make in any given day.
- Transactions Per Cycle – This is the maximum number of transactions that a cardholder is authorized to make in any given billing cycle.

Note: The billing cycle for the City's purchasing card program is the period beginning on the 27th day of any month and ending on the 26th day of the next month.

Each cardholder will be given a copy of his/her Cardholder Account Form that shows their MCC group and limits that have been assigned to their particular card. To request a change to an existing

cardholder's limits or MCC group, or to add a new cardholder, complete a Request for Change Form and submit it to the Program Administrator.(Appendix D).

UNAUTHORIZED USES

In addition to the controls that disallow certain purchases, the following purchases are expressly forbidden under this program. Purchases that:

- Exceed your single limit
- Are split into multiple transactions to stay within your single limit
- Are split across days to stay within your single limit
- Are split among cardholders to stay within your single limit
- Are made to avoid or circumvent the purchasing process
- Are not immediately available at time of credit card use. No back-ordering of merchandise is allowed. Back-ordering will cause the City to pay for goods before they are received.

A cardholder that makes **unacceptable or unauthorized purchases** or carelessly uses the P-card may be liable for the total dollar amount of such unauthorized purchases plus any administrative fees charged in conjunction with the misuse. **The cardholder will also be subject to disciplinary action, up to and including termination.**

PURCHASING PROCEDURES

Making city purchases for goods and services using your purchasing card is as simple as using any credit card. Following are the procedures for making purchases using your purchasing card:

General Guidelines

- In general, only purchases of goods and services under \$500 should be made using a purchasing card. Department and Division heads are authorized for purchases and services up to \$2,500. Exceptions must be authorized by the Program Administrator prior to purchase. Efforts should be made to use vendors who accept the purchasing card where appropriate in order to maximize administrative cost savings.
- Only the cardholder or department named on the purchasing card can authorize a purchase on his/her card. The cards cannot be loaned to another person; however, the card can be used to make purchases for an employee in your department.
- If the card is issued to the department there must be an individual designated by the Department Director to be responsible for the card. That individual will be the responsible individual for all purchases and recordkeeping on the card as if the card were issued to them personally.
- Purchases utilizing your purchasing card can be made in person, by phone, or over the internet from any vendor that accepts MasterCard. **For security reasons, fax orders should**

be avoided as you do not know who at the other end has access to your card information.

- Whether paying for orders in person, by phone, or over the internet, the cardholder is responsible for obtaining and retaining proper documentation of all transactions, i.e., receipts, invoices, or other documentation showing the item(s) purchased and the amount paid. See the “Cardholder Recordkeeping Requirements” section below for information on submitting your receipts/documentation to the Accounting Division for processing.
- All City purchases are exempt from Wisconsin sales tax. It is the cardholder’s responsibility to make certain that sales tax is not paid on any purchases that he/she makes using a purchasing card. A copy of the City’s tax exempt certificate will be provided to the card holder at the time of issuance. This should be retained with the purchasing card in case the vendor needs to make a copy.
- A purchasing card purchase may be declined at the point of sale if that purchase falls outside of any of the parameters listed in the “Cardholder Limits” section. If a transaction is declined, the cardholder should cancel the transaction and contact the Program Administrator as soon as possible to determine the reason for the declined transaction.
- Any returns or credits made on purchases paid for by a purchasing card must be credited to that cardholder’s account (no cash refunds). The cardholder should obtain and retain the appropriate documentation.

Reporting Lost, Stolen, or Damaged Cards:

- If your purchasing card is lost or stolen, contact JPMorgan Chase immediately at 1-800-316-6056 and notify the Program Administrator as soon as possible.
- If a card becomes damaged and needs to be replaced, the cardholder must notify the Program Administrator and return the damaged card to the Accounting Department. Once the damaged card has been returned to the Program Administrator a replacement card will be requested from JPMorgan Chase.

Disputed Items:

- If there is a discrepancy on your monthly statement, contact the vendor immediately to try and resolve the matter. If successful, make a note on the monthly statement and be sure to verify the correction on the following month’s statement.
- If you cannot resolve the discrepancy with the vendor, contact the Program Administrator.

Unauthorized Account Usage:

- The cardholder is responsible for keeping track of how the card is used and for its safekeeping. Just like any credit card, the cardholder should protect against fraudulent use of the card.
- If the cardholder detects or suspects that his/her card has been used fraudulently, he/she should contact JPMorgan Chase immediately at 1-800-316-6056 and notify the Program Administrator as soon as possible.

Card Deactivation:

- Upon termination of employment of a cardholder, the purchasing card must be turned in to the Program Administrator prior to the employee’s last day of work. The purchasing card will be deactivated immediately.
- A purchasing card may be deactivated if the Program Administrator determines that the cardholder has continuously violated the policies and procedures set forth in this manual.

CARDHOLDER RECORDKEEPING REQUIREMENTS

Cardholders/departments must keep all original sales documents (receipts, packing slips, cash register tape, credit card slips) from purchases made on their purchasing card. These documents will be required to be submitted to the Accounting Department with the cardholder’s monthly Account Statement.

The City’s monthly billing cycle runs through the 26th day of each month, or the next business day following, if the 26th falls on a weekend or holiday. Each cardholder/department will receive a monthly statement in the inter-office mail from the Accounting Division. The statement, which covers a 30 day period, is a summary of card activity for the cardholder.

Each cardholder/department will be required to review all transactions that he/she is responsible for. The review process includes matching receipts and other documentation to the monthly statement, providing an expense description for each transaction, assigning a general ledger account number to each transaction, and approving his/her transactions.

The Division/Department Head will then review the charges, account numbers, and documentation for accuracy and sign the Account Statement. **The authorized Account Statement packet should then be sent to the Accounting Department for review within 1 week of the billing cycle end.** This is a short time-frame but necessary to ensure proper documentation obtained prior to the payment due date.

APPROVAL

This policy and procedure manual is effective August 30, 2016.

Lori Luther, City Manager

Date

APPENDIX A

CITY OF БЕЛОIT

APPROPRIATION TRANSFER REQUEST FORM

Transfer from Account #:

ORG - OBJECT - PROJECT AMOUNT

Transfer from Account #:

ORG - OBJECT - PROJECT AMOUNT

Transfer from Account #:

ORG - OBJECT - PROJECT AMOUNT

Transfer from Account #:

ORG - OBJECT - PROJECT AMOUNT

to Account #:

ORG - OBJECT - PROJECT AMOUNT

to Account #:

ORG - OBJECT - PROJECT AMOUNT

to Account #:

ORG - OBJECT - PROJECT AMOUNT

to Account #:

ORG - OBJECT - PROJECT AMOUNT

Reason for Transfer:

Requested By:

Department Head

Signature Routings:

Director of Accounting/Purchasing

Director of Finance and Administrative Services

Upon approval by Department Head, all Appropriation Transfer Request Forms are to be forwarded to the Director of Accounting/Purchasing

APPENDIX B

CITY OF BELOIT			
REQUEST FOR PAYMENT			
11/15/11			
DATE		APPROVED:	
	VENDOR CODE (IF KNOWN)		
PAYEE NAME			DIVISION HEAD (UNDER \$2,500)
ATTN:			DEPARTMENT HEAD (OVER \$2,500)
STREET			
CITY/STATE/ZIP			COMPTROLLER
<input type="checkbox"/> RETURN CK TO :		REVIEWED BY ACCOUNTING	
INVOICE # (LIST)	DESCRIPTION	ACCOUNT NUMBER	AMOUNT
		TOTAL	\$0.00
(PLEASE ATTACH SUPPORTING INVOICES AND OTHER DOCUMENTATION)			

APPENDIX C

CITY OF БЕЛОIT

VEHICLE VERIFICATION OF FUNDING/PURCHASE AUTHORIZATION

TYPE OF PURCHASE:

ADDITION

REPLACEMENT

FUNDING SOURCE:

(check all that apply)

Equipment Fund

Other (explain in Description)

BRIEF DESCRIPTION:

REASON FOR PURCHASE REQUEST:

Attach additional comments on a separate sheet.

ESTIMATED COST: \$ _____
ESTIMATED TRADE: \$ (_____)
NET FUNDS REQUIRED: \$ _____

Prepared by _____

_____ Date

Department Head _____

_____ Date

VERIFICATION OF FUNDING

Equipment # _____
Replacement funds available: \$ _____
Equipment # _____
Replacement funds available: \$ _____
Equipment # _____
Replacement funds available: \$ _____

Budget & Finance Coordinator

Date

APPROVAL FOR ITEMS NOT IDENTIFIED IN THE CAPITAL IMPROVEMENT PROGRAM

I hereby authorize the purchase requested above.

I do not authorize the purchase requested above for the following reason(s):

City Manager

Date

Please return approved authorization to Budget & Finance Coordinator.

Distribution: Original - Department retains upon approval
Copy - Budget & Finance Coordinator

**APPENDIX D
REQUEST FOR CHANGE-PURCHASING CARD
CARDHOLDER LIMITS AND/OR CARDHOLDER AUTHORITY**

Name of Cardholder: _____
Department: _____
Last 4 Digits of Card Number: _____

Complete all fields requiring change – Enter N/A in all other areas. Change limits are subject to approval by the P-Card Administrator.

.....
A) *Please change the single purchase limit for the above cardholder to: \$ _____

*May not exceed \$500 unless sufficient justification is provided below.

Explanation: _____

B) Please change the monthly purchase limit for the above cardholder to: \$ _____

*May not exceed \$5,000 unless sufficient justification is provided below.

Explanation: _____

C) Please allow the following Merchant Category Codes (MCC) for above cardholder:

Explanation: _____

D) Please disallow the following Merchant Category Codes (MCC) for above cardholder:

Explanation: _____

Printed Name of Department Head: _____

Signature of Department Head: _____

Date: _____