

RESOLUTION NO. 16-545

A RESOLUTION ADOPTING THE PURCHASING PROCEDURE MANUAL.

WHEREAS, it is desirable to have rules, regulations, and procedures to guide and direct purchasing procedures; and

WHEREAS, the Municipal Technical Advisory Service recommends approval and adoption of the attached manual; and

WHEREAS, the attached manual is recommended by the Town Administrator and the Town Attorney; and

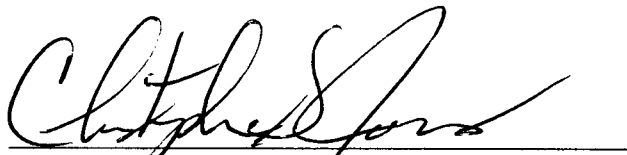
WHEREAS, the health and welfare of the citizens of the Town of Mount Carmel, Tennessee require the consistent application of these rules and regulations.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF MOUNT CARMEL, TENNESSEE, as follows:

SECTION I. The manual attached hereto and entitled "Purchasing Procedure Manual" should be and is hereby adopted as the official policy of the Town of Mount Carmel, Tennessee; and

SECTION II. This Resolution shall take effect upon its passage as the law requires, the public welfare requiring it.

A D O P T E D this the 27nd day of December, 2016.

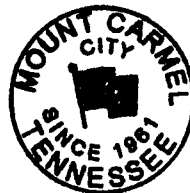


CHRIS JONES, Mayor

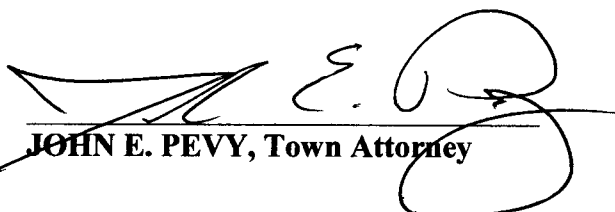
ATTEST:



MARIAN SANDIDGE, City Recorder



APPROVED AS TO FORM:



JOHN E. PEVY, Town Attorney

Motion: Alderman Eugene Christian

Second: Vice-Mayor Wolfe

FIRST READING	AYES	NAYS	OTHER
Alderman Diane Adams	X		
Alderman Eugene Christian	X		
Alderman Margaret Christian	X		
Alderman Wanda Davidson			Absent
Alderman Jennifer Williams	X		
Vice-Mayor Carl Wolfe	X		
Mayor Chris Jones	X		
TOTALS	6	0	1

Passed : December 27, 2016

THE TOWN OF MOUNT CARMEL

**100 East Main Street • P.O. Box 1421 • Mount Carmel, Tennessee
37645
(423) 357-7311**



PURCHASING PROCEDURE MANUAL

Revised January 24, 2017

MOUNT CARMEL PURCHASING PROCEDURE MANUAL

I. INTRODUCTION

1.1 PURPOSE OF MANUAL: This Manual is intended primarily to serve as a policy for the procurement of materials, supplies, equipment and services for the Town of Mount Carmel. It is to be referred to by all departments during the purchasing process.

1.2 CONTENTS OF MANUAL: The procedures and policies to be followed when engaging in any facet of the procurement process are found in this Manual. Should any situation arise which is not covered in the following pages, it shall be dealt with as good business practices warrant. However, approval of the Town Administrator should be obtained in non-covered circumstances.

1.3 REVISIONS: From time to time, there may be revisions and/or additions to this Manual, subject to the approval of the Board of Mayor and Aldermen. Check to see that you are following the latest edition.

II. CODE OF ETHICS

2.1 Every person engaged in procurement for the Town of Mount Carmel shall act to procure equipment, materials, supplies, and services at the lowest price, in a timely manner, in the proper quality, quantity, and reliability to meet the demands of the Town.

2.2 Town employees and members of their family shall not accept or solicit gifts or gratuities offered because of the employee's duties, functions or responsibilities as an employee of the Town. This does not pertain to gifts of a general commercial advertising nature having a small value (less than \$50.00) or to food and drink consumed by the employee at the time of receipt at an appropriate social or Town business occasion.

2.3 No employee or agent of the Town of Mount Carmel shall participate in any procurement decision which affects his/her personal financial interest or the interest of his/her immediate family or of any corporation, partnership, or association of which he/she is a partner, member, creator, or stockholder.

2.4 No contractor, vendor, or potential contractor or vendor shall bribe, coerce, or attempt to bribe, coerce, or otherwise improperly influence an employee or agent of the Town of Mount Carmel. Any attempt to do so must be reported to the Town Administrator.

III. PURCHASE ORDERS

3.1 a. PURCHASE ORDER: The Purchase Order form is to be completed by the department wishing to purchase supplies, material, or equipment. It authorizes procurement of these items and charges them against the appropriate designated account. It is also a statement that the items being requested are necessary for the proper operation of the Town of Mount Carmel and the funds for these items are appropriated in the current budget. Once the Purchase Order is completed and has an authorized signature, it is then sent or delivered to the vendor. A Purchase Order is required from all departments when ordering materials, supplies, and equipment from vendors except for the following instances:

regular lease purchase payments, monthly utility billings, routine fund transfers, bonding transfers, insurance premiums, intergovernmental transfers, monthly service contracts, (e.g., copier, computers, waste collection, professional services, etc.)

b. AUTHORIZED SIGNATURE. The Purchase Order form must bear the signature of the Town Administrator, or his designee(s). Exceptions are made for purchases under \$2,500.00 and for emergency purchase orders. **Emergency** is defined as a situation where danger to lives are at stake.

3.2 WHEN PREPARING ALL PURCHASE ORDER FORMS DEPARTMENT HEADS SHOULD INCLUDE:

a. Date and requesting department:

b. Requested by: insert name of person making the request;

c. Quantity: the amount or number of materials or supplies to be ordered;

d. Name and address: of the vendor if possible;

e. Description: this column should clearly state the description of the item(s) desired. Any information such as model number, type, or catalog number, brand name, color if required, etc. should be included. It is important that all items be described as completely as possible so that there is no confusion when ordering merchandise;

f. Account number: insert the proper account number (fund, department, line item to which the merchandise is to be charged). ***Double check to make sure the account number is correct, that funds were budgeted, and that the budgeted funds are still available.*** (This is especially important in the final quarter of each fiscal year.)

g. Unit price and amount: provide an estimated cost for the merchandise. The requisition must include (at a minimum) an estimated price.

3.3 The Purchase Order form is to be completed in quadruplicate. The requesting department receives the yellow copy, the white copy is sent to the vendor, and the pink and gold copies are returned to the Account Payable Department. Accounts Payable will attach invoices to the pink copy of the purchase order and prepare for payment including verification of the amount and the account number.

3.4 SMALL PURCHASE ORDERS. Department Heads are authorized to initiate purchases for \$1,000.00 or less depending on Town finances and/or department finances as determined by the Town Administrator. All conditions under 3.2 must be met. Open purchase orders are not permitted.

3.5 SPECIFICATION. Accounts Payable may request that the requesting department furnish specifications for its requirements. The determination of the quality and quantity of the goods to be purchased shall rest with the Department Head. In case of any disagreement, the Town Administrator shall have the authority to resolve the disagreement.

3.6 SOLE SOURCE SUPPLIES. When inquiry and investigation reveals there is only one source of procurement of supplies or materials, there need not be a formal bid, but the Purchase Order form should be noted "***Sole Source***" and the Order should be signed by the Department Head or his designated representative directly under the notation. Purchases over \$2,500.00 must be reported to the Board of Mayor and Aldermen.

3.7 EMERGENCY PURCHASE. During emergency situations Purchase Orders for materials and supplies may be completed after-the-fact. The emergency procedure is not intended to, nor will it be allowed to, correct poor planning. Purchases over \$2,500.00 must be reported to the Board of Mayor of Aldermen.

IV. RECEIVING

4.0 RECEIVING OF SUPPLIES, MATERIALS, and EQUIPMENT:

4.0.1 Whenever possible, merchandise will be delivered to the department.

4.0.2 When the merchandise is received, it will, in the case of complete shipments, be marked ALL GOODS RECEIVED, APPROVED TO PAY with signature and date on the packing slip. The packing slip copy of the Purchase Order will be sent to Accounts Payable.

4.0.3 In the case of partial shipment, the pink copy will remain in the ***pending file*** until all merchandise has been received, or until the remainder of the order is cancelled, at which time both the pink copy of the Purchase Order and all of the invoices will be processed for payment.

4.0.4 When merchandise is received for another department at City Hall, that department will be called. All merchandise must be picked up within two (2) working days of delivery.

4.1 VENDOR PAYMENT, INTERNAL ACCOUNTING PROCEDURES: Upon receipt of invoices, Accounts Payable will check the ***pending file*** for complete documentation. Accounts Payable will check for pricing errors, errors in the total, as well as the department and account number.

4.2 WHEN MERCHANDISE HAS NOT BEEN RECEIVED: The pending file will be researched before the issuance of any check for any invoices or receiving reports for which all of the paperwork is not in. When the unpaid invoice remains in the pending file for thirty (30) days, Accounts Payable will research the matter. The same will hold true for merchandise received but not invoiced.

V. SMALL PURCHASES

5.0 SMALL PURCHASES:

5.1 Application: The provisions of this Manual apply to the procurement of services, construction or items of tangible personal property having a value not exceeding Nine Thousand Dollars (\$9,000.00). The methods of procurement set forth provide alternatives to the competitive bid and competitive proposal methods of procurement. If the procurement methods set forth in this Manual are not used, the competitive bid or competitive proposal methods shall apply.

5.2 Division of Requirements: Procurement requirements shall not be artificially divided so as to constitute a small purchase under this Section. (See Mount Carmel Municipal Code §1-803(1).

5.3 Competition for Small Purchases between \$2,500.00 and \$9,000.00:

5.3.1 Procedure:

a. Insofar as it is practical for small purchases of services, construction or items of tangible personal property having a value between Twenty Five Hundred Dollars (\$2,500.00) and Nine Thousand Dollars (\$9,000.00), the Department Head is required to contact at least three (3) vendors for written or oral quotes before selecting a vendor.

b. Prior to award, the contents of any quotation **shall not be** disclosed to anyone.

c. Quotations from businesses may be obtained by telephone and written documentation of the business name, items, quotes, and dates must be attached to the Purchase Order before it is submitted to the purchasing agent. The purchasing agent shall disregard all quotations submitted by Department Heads whenever there is any indication that Subparagraph b., above, has been violated.

5.3.2 Award:

Award shall be made to the vendor offering the lowest and best acceptable quotation, whenever possible.

5.3.3 Records:

The names of the vendors submitting quotations, the date and the amount of each quotation shall be recorded and maintained as a public record. Department Heads shall be responsible for maintaining these records.

5.3.4 Request for proposals and bids are subject to review by the Town Administrator:

The Town Administrator is responsible for compliance to purchasing regulations and State law. Therefore, the Town Administrator will be responsible for the distribution of all requests for sealed bids or proposals over Nine Thousand Dollars (\$9,000.00). The Town Administrator shall be responsible for the final processing and the Department Heads are responsible for following this procedure.

VI. PROFESSIONAL SERVICES

6.0 Procurement of Professional Services:

Application: The Town Administrator may procure professional services having a value not exceeding Twenty Thousand Dollars (\$20,000.00).

VII. BIDS

7.1 When Competitive Sealed Bids or Written Invitations for Quotations are Required: Any purchase which exceeds Nine Thousand Dollars (\$9,000.00) will require advertisement and competitive bids.

7.2 Invitations for Sealed Bids or Written Quotes: The Town Administrator and the Town Attorney, shall approve all invitations for bid, which shall contain:

7.2.1 The specifications for the services, construction or items of tangible personal property to be procured;

7.2.2. Contractual terms and condition applicable to the procurement;

7.2.3 The location where bids or quotes are to be received; and

7.2.4 Date, time, and place of the bid or quote opening.

7.3 Bidders: Any vendor requesting an invitation for a bid package shall, at the time of the request, provide to the purchasing officer its current mailing address.

VIII. PROPOSALS

8.1 Competitive Sealed Proposals: Competitive sealed proposals may be used when:

8.1.1 Procuring professional services; or

8.1.2 When the Town Administrator determines that the use of a competitive sealed proposal is advantageous to the municipality and the cost is expected to exceed Nine Thousand Dollars (\$9,000.00).

8.2 The Competitive Sealed Proposal Method differs from competitive sealed bidding in three (3) important ways:

8.2.1 The proposal may or may not include price;

8.2.2 It permits discussions with competing offers and changes in their proposals including price; and

8.2.3 It allows comparative judgmental evaluations to be made when selecting among acceptable proposals for award of the contract.

8.3 Request for Proposals: Competitive sealed proposals are solicited through a request for proposals and shall include the same material that invitation for bids includes.

8.4 Receipt and Registration of Proposals: Proposals may be opened publicly or may be opened in the presence of one or more witnesses. Proposals should be held in a secure place until the established due date and time. Proposals shall not be open to public inspection until after award of the contract.

IX. GENERAL POLICIES

9.1 Public Notice: The request for proposals or competitive sealed bids shall be published not less than fourteen (14) calendar days prior to the date set for the receipt. The request for bids or proposals must be published once in a newspaper of general circulation in the Town.

9.2 Brand Name or Equal Specifications: Where brand name or equal specifications is used in a solicitation, the solicitation shall contain explanatory language that the use of the brand name is for the purpose of describing a standard of quality, performance and characteristics desired and not intended to limit or restrict competition.

9.3 Procurement Under Existing Contracts: Department Heads and the Town Administrator may contract for services or construction of items of tangible personal property without use of competitive sealed bids or competitive sealed proposals, as follows:

9.3.1 With a vendor which has a current contract or price agreement with the State of Tennessee purchasing agent or central purchasing office for the items, services or construction meeting the same standard specifications as the items that are to be procured if the following conditions are met:

a. The quantity purchased does not exceed the quantity which may be purchased under the applicable contract; and

b. The Purchase Order adequately identifies the contract relied upon by number, if applicable, or by other appropriate reference.

9.4 Award to Other Than Low Bidder: When the award is given to other than the lowest priced bidder, a full and complete statement of reasons must be prepared and filed with all papers relating to the rejection of the lowest priced bidder. The statement shall be submitted to the Board of Mayor and Aldermen for approval prior to any public award release. ***In-state preference of 5% may be allowed for all Tennessee based vendors.***

9.5 Rejection of Bids: The Town reserves the right to accept or reject any or all bids, whether informal or formal, and to waive informalities.

9.6 Table of Major Points of Purchasing Procedure Manual

Cost of Goods/Service	Department Head	Accounts Payable	Town Administrator	Town Attorney	Town Recorder	Board of Mayor and Aldermen
\$ 0.00 - \$ 1,000.00	Signs Purchase Order	Processes Payments				
\$ 1,000.00 - \$ 2,500.00	Signs Purchase Order	Processes Payments	Signs Purchase Orders			
\$ 2,500.01 - \$ 9,000.00	Prepares Requirements & Specifications. Obtains 3 quotes (written, fax or oral)	Processes Payments Preserves Quotes with Purchase Order	Signs Purchase Orders		Preserves Records of Sole Source Suppliers Preserves Quotes	Receives Report, on Sole Source Suppliers & Emergency Purchases
\$9,000.01 and over	Prepares Requirements & Specifications. Sends bid forms to likely bidders	Process Payments Preserves the Awarded Bid with Purchase Order	Prepares and Approves Specifications, Sends bid forms to likely bidders, Signs Purchase Orders	Approves Specifications	Advertises for and opens bids	Receives Report, on Sole Source Suppliers & Emergency Purchases Makes Final Approval on Purchases