



POLICY: Purchasing Process **DEPARTMENT:** All Departments
APPROVED: Robert W Stevenson **REVIEWED / REVISED:** 2/17/2015

Description:
Purchasing process for all departments.

Purpose:
The ability to maintain operations and protect HBPW's assets requires implementation of and adherence to a consistent and effective purchasing process. The goal of this process is to obtain goods and services to support HBPW's operations in a consistent and efficient manner, while safeguarding HBPW's assets by obtaining these goods and services at a reasonable cost and purchasing such quantities of goods and services as are reasonably necessary to support HBPW's operations. This policy does not modify or affect the Credit Card policy originally approved 8/15/2011 or its subsequent revisions.

Scope:
Purchases of all goods and services by all employees of all departments of the Hannibal Board of Public Works.

General Guidelines and Process:

- Whenever feasible, all HBPW purchases are to be placed through our internal Purchasing Agent or, in his/her absence, through that individual's backup. Supervisors and employees are encouraged to provide the purchasing agent with as much information as possible regarding the items to be purchased, such as quality, quantity, technical specifications, etc.
- It is understood that in certain situations employees and supervisors will need to initiate purchases without utilizing the Purchasing Agent. For example, maintenance employees will need to purchase small items and tools to complete a job, the administrative assistant will need to purchase travel arrangements and supervisors may need to purchase goods and services in times of emergency. However, it is anticipated these will be the exceptions to the general process and will only occur on a limited basis. Receipts and other documentation for these purchases (including supervisors' approval and general ledger account) should be provided to the accounts payable clerk on at least a weekly basis. A "confirming" purchase order will be prepared for these purchases that were made as an exception to the general policy.
- All purchases over \$1,000 require a purchase order to be prepared by the Purchasing Agent and approved by the Director of Operations, and purchases over \$5,000 require a purchase order and approval by the General Manager. If possible, these approvals are to be obtained in advance of the goods/services being purchased. Purchases that involve an annual contract or a quotation process require the involvement of the Purchasing Agent. Purchases less than \$1,000 will be initiated by the Purchasing Agent whenever possible but do not require a purchase order. Splitting orders to avoid the purchase order threshold will be considered a violation of this policy.
- For purchases over \$5,000 the Purchasing Agent will obtain quotes (minimum of 2) from competing vendors offering the same product/service unless items are vendor-specific or the goods/services are needed for an emergency.

Specific Process – Inventory Material:

- A stock of items to support HBPW's operations will be maintained at the service center in a secure area. Employees and supervisors are encouraged to provide feedback on items that are used frequently and should therefore be purchased in quantity.
- The Purchasing Agent will receive items into the electronic inventory records as they are delivered.
- The Inventory Specialist will be responsible for maintaining the computer inventory program. The Inventory Specialist will use material tickets to record inventory as it is removed from the warehouse inventory area and provided to the various field crews. The Inventory Specialist will perform period counts of the inventory and will adjust the electronic inventory records accordingly. The Inventory Specialist will generally count an entire "division" of inventory at each month-end. Unexpected or unusual variances will be communicated to the Finance Director and the Purchasing Agent.
- The Inventory Specialist will run a reorder report on a weekly basis to determine which items should be purchased. This report will be provided to the Purchasing Agent.

Specific Process – iVUE:

- A requisition request will be prepared for any item requiring a purchase order, and will be distributed to the Director of Operations and/or General Manager, as required. The iVUE software requires an approved requisition to generate a purchase order.
- Documents showing the vendor, description of goods/services purchased, other competing bids/quotes received (if applicable), the purpose of the purchase, etc. will be attached in .pdf to the requisition for review by the Director of Operations and/or General Manager, and comments will be placed in the requisition describing the bid process, the type of contract under which the purchase is being made, etc.

Specific Process – Quotation Process:

- Supervisors will prepare information regarding the technical specifications of the goods and services to be purchased, as well as any vendor information to which the supervisor has access. This information will be provided to the Purchasing Agent, who will prepare and submit the formal quotation requests to the vendors.
- This process should be followed for purchases of both goods and services such as repairs, contract services, etc.

Specific Process – Accounts Payable:

- The accounts payable clerk will match all supporting documentation (purchase orders, pick tickets, etc.) to support payment of vendor invoices.
- The Accounts Payable Clerk will ensure that each invoice has the appropriate supervisor's approval.
- If any purchases appear to be unusual (for example, missing appropriate purchase orders, unusually frequent purchases at the same vendor, items that appear to be a high price, etc.), the accounts payable clerk is encouraged to communicate with the supervisor, the Finance Director, the Purchasing Agent, and/or the Director of Operations.
- The Accounts Payable Clerk will generally cut one "check run" each week around the middle of the week, which will generally capture all invoices processed by that time. The check run is taken to City Hall for signatures and will generally be placed in the mail by the end of the week.
- Each month the check register for each bank account will be provided to the Director of Operations and General Manager for review, and will be provide to the HBPW Board of Directors as part of the monthly Board packet.

To streamline operations and avoid unnecessarily paying state sales tax the HBPW has established charge accounts with several local vendors. At the beginning of each calendar year the Accounts Payable Coordinator circulates an employee listing and tax exemption certificate to the vendors.

Local Businesses with Charge Accounts:

To purchase from these businesses and restaurants the HBPW employee only needs to present their employee ID badge:

- **Businesses**

- Auto Zone
- Bates Sales
- Cape Electric
- CARQuest Auto Parts
- Farm & Home
- Fastenal
- Hannibal Homestore
- Lowe's
- McNally Plumbing
- Miracle Supply
- O'Reilly Auto Parts
- Sherwin Williams
- Springfield Electric

- **Restaurants**

- Cassano's Pizza
- Drake's Steak & Ale
- Logue's
- Ole' Planters
- Pizza Hut

HBPW does not have a charge account at **Wal-Mart** but instead has a physical charge card that must be presented at the time of purchase. One of these cards is maintained by the Purchasing Agent, the Business Office Manager and the Accounts Payable Coordinator and should be obtained from them. Attached to this card is a copy of HBPW's tax exempt status that should be presented at the time of purchase.

All other local vendors that require payment at the time of purchase will honor the tax exemption certificate, which needs to be presented at the time of purchase.

Originated / Revised History

Originated – 2/17/15