



Purchasing Procedures

CITY OF SAN BRUNO
FINANCE DEPARTMENT

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Overview

The following purchasing procedures address the following procurement-related topics: (1) budget appropriation, (2) bidding for qualifying public projects, (3) contracts for services and equipment, (4) purchase order, (5) receiving, (6) invoice, (7) petty cash, (8) credit and business account cards and (9) employee business expenses.

The City Manager has delegated Purchasing Officer responsibilities to the Finance Director, who will monitor and ensure compliance with these procedures and maintain and update procedures as required.

- **Budget Appropriation**

The City Manager proposes, and the City Council adopts the annual operating and capital (CIP) budget for all City departments. Funds are to be expended in accordance with the adopted budget.

Generally, Department Directors are authorized to expend funds within appropriation limits. If excess budget exists in a particular account or accounts, funds may be transferred as follows:

- Before incurring the expense, the Department Director can request that the Finance Director approve a budget transfer by providing the dollar amount and justification for same.
- A budget transfer must be requested for any amount above the budgeted line item amount.
- Salary savings cannot be used to incur expense in another line item.
- The Department Directors shall manage their overall department expenses within the approved budget.

If a Department Director requests additional operating budget in a particular account, or additional capital budget, a request, including dollar amount and justification, can be made to the City Manager using the **budget request form**. If the City Manager approves the request, then the request shall be scheduled as a City Council agenda item to request approval of the additional appropriation. A staff report and resolution shall be prepared and approved by Council before a budget adjustment is made in the City's financial system. Ideally, budget

adjustments should be coordinated with Finance during the Quarterly Financial Projection agenda items.

- **Bidding for Qualifying Public Projects**

Public Contracts Code 20161 and 20162 define a public project as one that exceeds \$5,000 and involves: 1) the erection, improvement, painting, or repair of public buildings and works; 2) work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow; 3) street or sewer work, except maintenance or repair; and 4) furnishing supplies or materials for any such project, including maintenance or repair of streets or sewers.

The Code requires the City to issue a notice inviting bids, advertise in the newspaper, and follow the procedures for formal bidding of all such contracts and to award them to the “lowest responsible bidder.” To obtain bids that can be properly evaluated, public projects often require professional design services and preparation of specifications. Department Directors should check with Finance and/or the City Attorney before embarking on any projects that could meet the definition to ensure that all required steps are followed.

Exemptions from formal bidding include:

- Professional services (architecture, engineering, environmental, surveying, construction management)
- Special services (financial, accounting, economic, legal, or administrative)
- Equipment, vehicles, furniture and other fixtures
- Emergency situations (a sudden, unexpected occurrence posing a clear and imminent danger requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services)
- Situations in which it would be impossible or not in the public interest to follow the process, or when there would be no competitive advantage gained by formal bidding.

Department Directors should not assume that one of these exceptions will apply before checking with Finance or the City Attorney. Although exemptions from formal bidding exists, it is still a recommended best practice to issue a Request for Proposals (RFP) for certain services. For all public projects, use the **public projects bidding template** and either the City’s standard **construction contract** (which also includes detailed general conditions and standard specifications), **consultant services** or a **general services agreement** for less complex projects. Staff should refrain from working with specific vendors in order to develop specifications for a project or product and then provide a bid or quote for that project or product.

Requirements for Procurement of Contract with Federal Funds

Adherence to the San Bruno Municipal Code Section 2.44.070 of Public projects—Uniform Cost Accounting Act (UCAAA), the City “the city shall follow the contracting procedures set forth in Article 3 of the Uniform Public Construction Cost Accounting Act (Section 22030, et seq., of the Public Contracts Code).” The Office of Management and Budget (OMB) issued Title 2 of the Code of Federal Regulations (2 CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Departments must be in full compliance with procurement standards defined in the Uniform Guidance for all federal grant funded purchases under Uniform Guidance 2 CFR Sections 200.317 through 200.326.

For projects valued at \$60,000 or less, also known as “direct hire”, a contract for a public project may be performed by city employees, by force account, by negotiated contract, or by purchase order.

For public projects of \$200,000 or less (“informal bidding”), the contract may be let by an informal bidding process that requires an advertising and noticing procedure consistent with Act’s requirements, and which may be awarded by the City Manager, subject to the City’s expenditure authority threshold of \$75,000. In addition, the City Council may on a 4/5ths vote, award a contract at \$212,000 to the lowest responsible bidder in an informal bid process if all bids received are in excess of the amount specified in this section and if it determines the cost estimate was reasonable.

Contracts for public projects greater than \$200,000 (“formal bidding”), and awarded by the City Council, must be procured through a formal procedure prescribed by the Act and which is substantially similar to the city’s current noticing and bidding procedures for projects over \$5,000.

- **Other Contracts for Purchases of Services, Supplies, Equipment, and Technology**

Departments shall use the City’s standard **consultant services** agreement or **general services** agreement for these contracts. Departments shall confirm with Finance that all vendors receiving a contract have a valid business license. Finance will acquire tax (W9, 1099) information from the vendor in order to comply with all tax reporting requirements. Departments shall use the **contract routing transmittal cover sheet** for all contracts requiring review and approval. The City Attorney must approve all contracts as to form. Contracts shall be signed by the vendor first, then the City Attorney, then the City Manager, if applicable, and finally the City Clerk. All contracts greater than \$75,000 must be approved by the City Council before being fully executed.

The following exceptions do not require a contract and approval of the City Council:

- Personnel contracts for backfilling staff vacancies;
- Routine, non-service-related purchases such as furniture, equipment and vehicles where only a purchase order is required; and
- Developer reimbursement contracts.

The workflow approval threshold shall be determined based on the total amount of the contract, even if the work and budget expands more than 1 fiscal year (for example, if the contract budget is for \$30,000 maintenance on a software application annually, but the contract is for 3 years, the total value of the contract exceeds the \$75,000 City Manager threshold and requires City Council approval.

Contract Workflow Approval

Dollar Threshold	Department Director	City Attorney	City Manager	City Council
Under \$30,000	X	X		
Between \$30,000 and \$75,000	X	X	X	
Over \$75,000	X	X	X	X

These contract approvals are required for all City agreements to be fully executed. If the scope, amount and/or duration of the contract needs to change, a contract amendment may be required. Consult with the Finance Director and City Attorney to confirm.

- **Purchase Order**

Purchase orders (PO) are required for all professional service, general service, construction, equipment, vehicle, other capital, technology and license purchases greater than \$5,000. Purchase orders may be required for one-time, commodity or other types of purchases at the discretion of the Department Director, Finance Director or City Manager. It is the responsibility of the Department Director to ensure at least 3 quotes have been obtained before submitting a requisition. 3 quotes are not required to be obtained if staff are leveraging a Government Cooperative Purchasing Entity by which to make the purchase.

Department Directors may delegate their purchase requisition authority to designated staff upon written notification to the Finance Director and City Manager.

Initiating departments must prepare and submit purchase requisitions in the City's financial system, including a description of services and/or goods, vendor, quantity and amount and fund, department, project (if necessary) and account code(s). Departments are encouraged to attach any supporting documentation (i.e. agreement, quote, other) to the record in the City's financial system and scanned supporting documents shall be saved in the P drive. Hard copy supporting documentation will not be accepted, and requisitions submitted to Finance without supporting documentation will be rejected back to the requisitioner. Purchase orders are only issued by Finance. Once a purchase order is approved, it is sent to the vendor and funds are encumbered against the fund, department, project (if necessary) and account(s).

Purchase orders are not required for the following types of purchases:

- Work performed for a private development with a developer deposit received;
- Membership/association dues to government or quasi-government organizations (i.e. HIP housing);
- Property tax assessments;
- Payroll related expenses (i.e. CalPERS, state payroll payments, etc);
- Personal and professional development expenses for City Staff;
- Utility bills, such as AT&T, PG&E and garbage for City operational expenses;
- Agreements for government and or quasi-government agencies as long as a contractual obligation is in place;
- Fuel
- Worker's compensation payouts;
- Work performed by outside legal counsel, as long as an executed agreement is in place; and
- Debt service payments.

A change order is required to be submitted in the City's financial system for any change in scope to the original PO. Before requesting a change order, confirm adequate budget is available. Change orders are not required (although still recommended) for changes to

shipping, freight and/or sales tax items. The change order will go through the same workflow approval as a requisition.

During the fiscal year-end process, departments shall indicate purchase orders to be carried forward into the next fiscal year for services to be performed or goods to be delivered. Finance will review and approve and request the City Council to approve during the first quarter financial projection staff report.

City's Financial System – Purchase Order Workflow Approval

Dollar Threshold	Department Requestor	Department Director	Finance Manager	Finance Director	City Manager
Under \$5,000	X	X			
Between \$5,000 and \$30,000	X	X	X		
Over \$30,000	X	X	X	X	X

- **Receiving**

Packing slips and receipts provided upon shipment of goods are to be retained and reviewed by staff receiving the goods to ensure they match the expected quantity and specification as identified on the purchase order. Staff shall reject goods not matching the purchase order. Department staff can accept goods delivered in partial shipment and ensure all goods are received prior to invoice being submitted to the City. Although not required, departments can record the receipt of goods on the "Receiving Documents" page of the Purchasing module in the City's financial system.

- **Invoice**

Upon receipt of an invoice from the vendor, department staff are to review and confirm the following criteria:

- The items, services and dollar amounts match the purchase order.
- The items match any packing slip or receipt provided upon delivery of goods.
- The vendor information, dates of service, descriptions and other information is accurate and complete.
- The fund, department, project (when applicable) and account(s) are accurate.
- If the invoice does not match the PO and packing slip, staff shall send it back to the vendor to request a new invoice.

Department staff shall enter the invoice into the City's financial system with all pertinent information. Departments are encouraged to attach any supporting documentation (i.e. PDF of invoice) to the record in the City's financial system and scanned supporting documents shall be saved in the P drive. Hard copy supporting documentation will not be accepted, and invoices submitted to Finance without supporting documentation will be rejected back to the submitter. If a subsequent approver is not satisfied with any information on the invoice, the invoice shall be sent back to the requestor in Eden with a description, and the request shall attach and provide additional information to the invoice and submit again.

City's Financial System - Invoice Workflow Approval

Dollar Threshold	Department Requestor	Department Director	Finance Manager	Finance Director	City Manager
Under \$5,000	X	X			
Between \$5,000 and \$15,000	X	X	X		
Over \$15,000	X	X	X	X	X

Departments shall enter all invoices into the City's financial system within 5 days of receipt. During the Finance Department's review of invoices, if invoices are deficient in information provided by the vendor or department, the Finance Department will reject the invoices back to the department requestor to fix in order to resubmit. The Finance Director will prepare periodic invoice aging reports based on invoice receipt date to the City Manager.

Vendor payments should be made within 30 days of staff receiving and accepting the invoice, unless the contract and/or purchase order indicates a specific (i.e. prompt payment discount) payment term. Accounts Payable staff process final approvals of all invoices on Mondays, and vendor checks are printed and mailed on Tuesdays. Vendor checks can be issued during other days of the week upon request and approval of the Finance Director.

- **Petty Cash**

Petty cash is the least preferred method to purchase materials and supplies or reimburse staff for expenses and is to be used only if a purchase cannot be made through a purchase order, credit card, business account or expense reimbursement. The only petty cash location is at the Finance Department in City Hall. The **petty cash request form** shall be completed including receipts, and a written justification for each expenditure is required and not to exceed \$75 per request. The Department Director or designee must approve each request paid out of petty cash. Cash, coin and check may require to be transported with a secure, canvas bag authorized by Finance.

- **Credit and Business Account Cards**

A Department Director can request themselves and/or designated staff to be issued a City credit card based on a business justification to have a card due to the frequency and types of purchases planned to be made. A request can be submitted to the Finance Director including staff's name, position and justification for a card. The Finance Director and City Manager shall review and approve all new requests before a card is issued. The Department Director can authorize a staff person to use his/her credit card for a specific purpose, duration and business need.

City credit cards are to be used for City business only. Only authorized staff can purchase goods using a vendor account card, such as Lowe's. The employee shall complete the **credit card approval form** and retain all receipts and submit them with the reviewed credit card statement. The department's invoice processor shall input the credit card payment request into the City's financial system which will then follow the invoice approval workflow requiring the Department Director's approval.

The Finance Director shall maintain a master list of all staff authorized to use a credit and business account card. Finance will monitor the overall City credit limit as well as perform periodic audits of usage. A Department Director may request a credit limit adjustment to the Finance Director for review. Personal expenses and cash advanced are not permitted.

The City has an Amazon Business Account that can be utilized by authorized staff to make purchases and be charged against your City-issued credit card. Contact the Finance Department in order to obtain access to the account.

- **Employee Expenses**

For all other expenses not expressly identified above to be made through a purchase order, credit card, or business expense, an employee (or council member or commissioner) can incur a business-related expense using personal funds and request reimbursement. Pre-approval by a Department Director is required. This may include business travel, per diem, training or meeting registration and parking, among other items. Staff using their personal vehicle may request mileage reimbursement at the current IRS rate. Meals and incidentals will be reimbursed according to the [Federal General Services Agency \(GSA\) guidelines](#) if the travel is overnight and is pre-approved by the Department Director. Approval for costs above the per diem rates will only be approved as an exception with justification. Staff shall leverage conference, discount, and "government" rates whenever possible.

Daily meal per diem rates for San Mateo County are as follows for Calendar Year 2020: breakfast (\$16), lunch (\$17), dinner (\$28), incidentals (\$5), and first & last day of travel (\$49.50).

The employee shall submit an **employee expense reimbursement form** for all travel, professional development and other expenses. All requests shall be approved by the Department Director or designee, and Finance Director and City Manager, where applicable.

Attachments:

1. Purchasing procedures matrix
2. Budget request form
3. Public project bidding template
4. Contract routing transmittal cover sheet
5. Construction contract template
6. Consultant services agreement template
7. General services contract template
8. Agreement amendment template
9. Credit Card approval form
10. Petty cash request form
11. Employee expense reimbursement form
12. How to enter a requisition and invoice training guide