

**ADMINISTRATIVE INSTRUCTION NO. 9**  
**City of Bowling Green - Purchasing Policy**

This administrative instruction sets forth the purchasing policy and procedures for the City of Bowling Green. The purpose is to streamline the purchasing process and provide a consistent and unified policy for all Departments and Divisions.

**Local purchasing is encouraged.** We want to be good stewards of the public funds we've been entrusted with. We also want to support our local vendors when possible. Local purchasing is encouraged.

**Comparative quotes** are needed for purchases which total or exceed \$750.00. When providing comparative quotes, it is only necessary to provide the name of the vendor and the cost of the total purchase. In other words, if your purchase includes more than one item it is not necessary to list the price of each individual item separately in the space provided for price comparisons. A total comparative price for all items will be sufficient.

**Requisitions and Purchase Orders are required for all purchases with the following exceptions:**

- Purchases under \$250.00 do not require requisitions or purchase orders.
- Payments related to Payroll, Fringe Benefits, and Payroll Deductions do not require a purchase order regardless of dollar amount:
  - Examples include payroll, pension payments such as OPERS, Ohio Police and Fire Pension fund, health insurance premiums for medical, dental, or life insurance, Workers Compensation, and unemployment as well as various payroll taxes and deductions.
- Income Tax & Utility Billing Refunds regardless of dollar amount
- Real Estate Taxes regardless of dollar amount

If there are routine vendors you regularly do business with, a requisition request for a **Super Blanket Purchase Order** should be made. A Super Blanket Purchase Order request does not have a dollar restriction, except that if the amount is \$50,000 or over, Council approval is required. All Super Blanket requests are closed at 12/31 of each calendar year and cannot be carried forward as an encumbrance to a future year.

**Purchases of \$50,000 or higher** are authorized in accordance with the laws of the State of Ohio and the ordinances of the City of Bowling Green. In most cases, that means local legislative approval is required.

**PROCEDURE FOR PURCHASES UNDER \$250.00**

Requisitions and purchase orders are not required for purchases totaling less than \$250.00.

The Division Head must verbally authorize purchase requests. In Departments where there is no Division Head, the purchase must be verbally authorized by the Department Head or designee.

Once the purchase is made, the invoice or receipt for the purchase is submitted to the Division Head or designee for review and processing.

The invoice or receipt should be stamped "Received and Checked" and must include the following information:

- Date approved,
- Signature of the approving division or department head or designee,
- General ledger account number to be charged.

Approved invoices are submitted on a daily basis by Division Head or designee to the Finance Department. Invoices are date stamped on the day they are received in the Finance Department.

The Account Clerk enters information from the invoice into the New World Systems financial software. An edit listing is produced. The Finance Director or designee verifies these listings using the original vendor invoice and approves if correct, indicating the date of the approval.

Once approved by the Finance Director or his designee, the Account Clerk then updates the approved edit listings and processes the entries for payment. Payments are made via check, ACH or electronic funds transfer.

The updated journal entries are reviewed and posted to the general ledger by the Finance Director or designee.

## **PROCEDURE FOR PURCHASES EXCEEDING \$250.00**

### **PRE-PURCHASE**

A requisition for purchase is completed and then approved by the Division Head (if applicable) and Department Head or designee.

The completed requisitions are submitted to the Finance Department where they are date stamped the day they are received.

An Account Clerk prepares Purchase Orders based on the submitted requisitions which are reviewed for accuracy. All Requisitions are then submitted to the Finance Director or designee who certifies the availability of funds.

The approved Requisition along with Purchase Order is then forwarded to the Municipal Administrator (non-utility) or the Director of Utilities (utility) for approval.

Following approval by the Municipal Administrator (non-utility) or the Director of Utilities (utility), the Requisition and Purchase Order are returned to the Account Clerk in the Finance Director's Office. The forms are distributed as follows:

#### **Requisition:**

- Requisition is kept by the Account Clerk to be attached to the pink copy of the Purchase Order.

#### **Purchase Order:**

- White copy is sent to originating department for distribution to the vendor,
- Yellow copy is sent to originating department,

- Gold copy is put in Account Clerk's current file,
- Pink copy is filed with the requisition by the Account Clerk in numeric order for each month.

Approved Purchase Orders are updated by the Account Clerk. The updated journal entries are reviewed and posted to the general ledger by the Finance Director.

### POST PURCHASE

Invoices from the vendor are submitted to accounts payable in the Finance Department either directly from the vendor (preferably) or through the individual department that made the purchase.

Invoices are date stamped when they arrive in the Finance Department and copies are made for the pending file.

Original invoices are sent to the department that purchased the item to obtain their approval. The department stamps the invoice as "Received and Checked" and notes the following information:

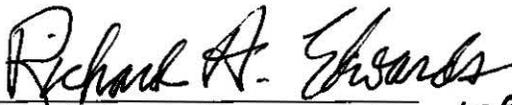
- Purchase Order number,
- If the Purchase Order is completed with this invoice or if the Purchase Order should remain open pending further invoices (Partial or Complete),
- Signature of the approving individual,
- Date of the approval.

Approved invoices are returned to the Finance Department for entry into the accounts payable system where invoice line items are matched to Purchase Order line items. A 10% allowance is granted for invoice totals over the Purchase Order total. Any invoices above the 10% allowance are returned to the department for correction by the vendor or for a Purchase Order amendment.

The Account Clerk enters information from the invoice into the New World Systems financial software. An edit listing is produced. The Finance Director or designee verifies these listings using the original vendor invoice and approves if correct, indicating the date of the approval.

Once approved by the Finance Director or his designee, the Account Clerk then updates the approved edit listings and processes the entries for payment. Payments are made via Check, ACH or electronic funds transfer.

The updated journal entries are reviewed and posted to the general ledger by the Finance Director.

  
Richard Edwards, Mayor      Date 1-8-14