



## City of Bowling Green – Administrative Instruction AI 9 – Purchasing Policy

This document 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.

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

- Purchases under \$250.01 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 Finance Specialist 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 Finance Specialist then updates the approved edit listings and processes the entries for payment. Payments are made via check, corporate purchasing card, 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**

Purchase Orders are required for items over \$250 as listed above. Purchase Orders are entered by each department through the Financial System (online) and are routed through the online approval process based on each department's rules and preferences. Each purchase order must be approved by Finance and the Municipal Administrator (or designee) or the Utility Director (or designee). The Financial System is configured so that sufficient budget is required for validation of the purchase order.

Once the purchase order is approved it can then be printed and sent to the vendor if requested. The item can then be ordered or obtained.

### **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 Finance Specialist enters information from the invoice into the 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 Finance Specialist then updates the approved edit listings and processes the entries for payment. Payments are made via check, corporate purchasing card, ACH or electronic funds transfer.

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

### **PROCEDURE FOR PURCHASES EXCEEDING \$50,000 and FOR PURCHASES UTILIZING FEDERAL GRANT MONEY**

#### **Cash Management**

With respect to Federal Grant awards and expenditures, the City will follow section 200.305 of the Code of Federal Regulations (CFR).

As long as the City is able to operate on a reimbursement basis, Federal funds will be requested only after actual eligible expenditures have been made. In instances where cash flow for the City does not provide for expense reimbursement, advances of Federal funds will be requested no sooner than administratively feasible for only the anticipated actual eligible cost. The time frame for advances will usually fall within three business days of actual expenditures.

#### **Determining Allowable Costs**

##### Direct Costs:

The City Department Head or their designee will be responsible for assuring that all direct costs submitted for payment for the grant program are appropriate and eligible under the grant guidelines. Their signature on an invoice submitted to the Finance department for payment is certification of eligibility.

##### Indirect Costs:

The City will follow section 200.302(b)(7) of the CFR in accordance with Subpart E With respect to indirect Facilities and Administration (F&A) cost allocations. If the City does not have Federal Agency Acceptance of any Negotiated Indirect Cost Rate plans and the associated required certification, indirect costs will not be charged as part of the grant award.

Factors affecting allowability of costs (from 200.403 CFR):

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also § 200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also §§ 200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

### **Evaluation and Selection of Procurement Methods for Federal Grants**

The Code of Federal Regulations (CFR) provides for five different methods of procurement when using Federal funds. The City of Bowling Green has adopted procurement thresholds that are more restrictive in some instances than those outlined in the CFR. Purchases for Federal grant activities by the City will use which ever process is more restrictive.

“Micro-purchases” have a higher threshold for comparative pricing than does the City policy. Likewise, the “Simplified Acquisition Threshold” as defined in the CFR is also larger than City policies.

Rules for Sealed Bids, Competitive Proposals, and Noncompetitive proposals follow below and meet or exceed the rules identified in CFR 200.320.

### **Evaluation and Selection of Procurement by Competitive Proposals**

These purchases are authorized in accordance with the laws of the United States (Section 200.320 of the CFR subpart D), the State of Ohio and the ordinances of the City of Bowling Green. In most cases, that means local legislative approval is required.

For purchases over \$50,000 either competitive procurement methods which include sealed bids (sometimes referred to as an “Invitation for Bid (IFB)”) or competitive proposals (sometimes referred to as a “Request for Proposal (RFP)”) will be used.

**Invitation for Bid** – Sealed Bids (Formal Advertising). The Common Grant Rule for governmental recipients acknowledges sealed bidding to be a generally accepted procurement method in which bids are publicly solicited, and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is lowest in price.

(1) When Appropriate. The Common Grant Rule for government recipients states a preference for the sealed bids procurement method for acquiring property, construction, and other services. Procurement using sealed bids is appropriate if:

(a) Precise Specifications. A complete, adequate, precise, and realistic specification or purchase description is available.

(b) Adequate Sources. Two or more responsible bidders are willing and able to compete effectively for the business.

(c) Fixed Price Contract. The procurement generally lends itself to a firm fixed price contract.

(d) Price Determinative. The successful bidder can be selected on the basis of price and those price-related factors listed in the solicitation including, but not limited to, transportation costs, life cycle costs, and discounts expected to be taken. Apart from responsibility determinations discussed in later sections of this document, contractor selection may not be determined on the basis of other factors whose costs cannot be measured at the time of award.

(e) Discussions Unnecessary. Discussions with one or more bidders after bids have been submitted are expected to be unnecessary as award of the contract will be made based on price and price-related factors alone. This contrasts with Competitive Proposal procedures in which discussions with individual vendors are expected to be necessary and may take place at any time after receipt of proposals. However, a pre-bid conference with prospective bidders before bids have been received can be useful.

**Procurement Procedures.** The following procedures apply to sealed bid procurements:

(a) Publicity. The invitation for bids is publicly advertised.

(b) Adequate Sources. Bids are solicited from an adequate number of known suppliers.

(c) Adequate Specifications. The invitation for bids, including any specifications and pertinent attachments, describes the property or services sought in sufficient detail that a prospective bidder will be able to submit a proper bid.

(d) Sufficient Time. Bidders are allowed sufficient time to prepare bids before the date of bid opening.

(e) Public Opening. All bids are publicly opened at the time and place prescribed in the invitation for bids.

(f) Fixed Price Contract. A firm fixed price contract is usually awarded in writing to the lowest responsive and responsible bidder, but a fixed price incentive contract or inclusion of an economic price adjustment provision can sometimes be appropriate. When specified in the bidding documents, factors such as transportation costs and life cycle costs affect the determination of the lowest bid; payment discounts are used to determine the low bid only when prior experience indicates that such discounts are typically taken. No contracts totaling \$50,000 or higher will be officially awarded without the City first ensuring said contractor is not listed as suspended or debarred per the **System for Award Management (SAM)**.

(g) Rejection of Bids. Any or all bids may be rejected if there is a sound, documented business reason.

**Competitive Proposals (Request for Proposals)**. The Common Grant Rule for governmental recipients acknowledges the use of competitive proposals to be a generally accepted procurement method when the nature of the procurement does not lend itself to sealed bidding and the recipient expects that more than one source will be willing and able to submit an offer or proposal.

(1) When Appropriate. Competitive proposals should be used when any of the following circumstances are present:

(a) Type of Specifications. The property or services to be acquired are described in a performance or functional specification; or if described in detailed technical specifications, other circumstances such as the need for discussions or the importance of basing contract award on factors other than price alone are present.

(b) Uncertain Number of Sources. Uncertainty about whether more than one bid will be submitted in response to an invitation for bids and the recipient lacks the authority or flexibility under State or local law to negotiate the contract price if it receives only a single bid.

(c) Price Alone Not Determinative. Due to the nature of the procurement, contract award need not be based exclusively on price or price-related factors. In different types of negotiated acquisitions, the relative importance of cost or price may vary. When the recipient's material requirements are clearly definable and the risk of unsuccessful contract performance is minimal, cost or price may play a dominant role in source selection. The less definitive the requirements, the more development work required, or the greater the performance risk, the more technical or past performance considerations may play a dominant role in source selection and supersede low price.

(d) Discussions Expected. Separate discussions with individual vendor(s) are expected to be necessary after they have submitted their proposals. This contrasts with Formal Advertising procedures in which discussions with individual bidders are not likely to be necessary, as award of the contract will be made based on price and price-related factors alone.

(2) Procurement Procedures. The following procedures apply to procurements by competitive proposals:

- (a) **Publicity.** The request for proposals is publicly advertised.
- (b) **Evaluation Factors.** All evaluation factors and their relative importance are specified in the solicitation; but numerical or percentage ratings or weights need not be disclosed.
- (c) **Adequate Sources.** Proposals are solicited from an adequate number of qualified sources.
- (d) **Evaluation Method.** A specific method is established and used to conduct technical evaluations of the proposals received and to determine the most qualified vendor.
- (e) **Price and Other Factors.** An award is made to the responsible vendor whose proposal is most advantageous to the recipient's program with price and other factors considered.
- (f) **Best Value.** No contracts totaling \$50,000 or higher will be officially awarded without the City first ensuring said contractor is not listed as suspended or debarred per the **System for Award Management (SAM)**. If permitted under its State or local law, the recipient may award the contract to the vendor whose proposal provides the greatest value to the recipient. To do so, the recipient's solicitation must inform potential vendors that the award will be made on a "best value" basis and identify what factors will form the basis for award. The evaluation factors for a specific procurement should reflect the subject matter and the elements that are most important to the recipient. Those evaluation factors may include, but need not be limited to, technical design, technical approach, length of delivery schedules, quality of proposed personnel, past performance, and management plan. The recipient should base its determination of which proposal represents the "best value" on an analysis of the tradeoff of qualitative technical factors and price or cost factors.

## **Protests**

It is the policy of the City of Bowling Green to prepare specifications for invitation to bid or for requests for proposals that are not discriminatory in nature. All solicitations are to be open and free to all competing vendors whereby all have a reasonable chance to be successful and be awarded a contract.

### **Pre-bid**

A pre-bid or solicitation phase protest is received prior to the bid opening or proposal due date. A pre-bid protest must be filed with the City of Bowling Green no later than twenty-four hours before bid opening. This filing must be in writing with the name of the protestor, solicitation/contract number or description, and the statement of grounds for the protest.

### **Pre-award**

A pre-award protest is received after receipt of proposals or bids, but before award of a contract. A pre-award protest must be filed within two business days following the bid opening. This filing must be in writing with the name of the protestor, solicitation/contract number or description, and the statement of grounds for the protest.

### **Post-award**

A post-award protest is received after award of the contract. A post-award protest must be filed within seven business days following the award of the contract. This filing must be in writing with the name of the protestor, solicitation/contract number or description, and the statement of grounds for the protest.

*All protests must be submitted to:  
The City of Bowling Green  
Attn: Municipal Administrator  
304 North Church Street  
Bowling Green, OH 43402*

The Municipal Administrator will respond to all protests in writing, addressing each substantive issue raised in the protest. Response will be made within ten days after receiving the protest.

Allowance will be made for reconsideration if data becomes available that was not previously known, or an error of law or regulation has occurred.

In the case of grant funded contracts, vendors may appeal the final determination to the funding agency.

### **Noncompetitive proposals**

Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate.

### **Other Procurement Standards**

#### **Ethical Conduct**

No Employee of the City of Bowling Green or Agent, shall participate in the solicitation, or in the award or administration of a contract awarded by the City of Bowling Green, if a conflict of interest, real or apparent, exists.

Such conflict exists when:

- 1) The Employee, Officer, or Agent
- 2) Any member of his immediate family
- 3) His or her partner, or

4) An organization that employs or is about to employ any of the above has a financial or other interest in the firm or organization selected for the award.

No Employee of the City of Bowling Green, Officer, or Agent shall solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements.

Violations of this section of the manual will result in disciplinary action as determined to be appropriate by the Municipal Administrator or designee. Sanctions may include termination of employment.

#### Organizational Conflict of Interest

An organizational conflict of interest occurs when any of the following circumstances arise:

**Lack of Impartiality or Impaired Objectivity:** When the contractor is unable, or potentially unable, to provide impartial and objective assistance or advice to the recipient due to other activities, relationships, contracts, or circumstances.

**Unequal Access to Information:** The contractor has an unfair competitive advantage through obtaining access to non-public information during the performance of an earlier contract.

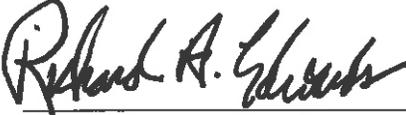
**Biased Ground Rules:** During the conduct of an earlier procurement, the contractor has established the ground rules for a future procurement by developing specifications, evaluation factors, or similar documents.

The City expects sub-recipients to analyze each planned acquisition in order to identify and evaluate potential organizational conflicts of interest as early in the acquisition process as possible, and avoid, neutralize, or mitigate potential conflicts before contract award.

#### Time and Effort

Compensation of employees as part of a Federal Grant shall follow the principles outlined in section 200.430 of the CFR. Further, compensation should be reasonable, consistent with City written policy, and consistently applied across Federal and Non-Federal activities.

As with non grant activities, if staff members work in multiple jobs or across different projects, our current software has the ability to allow for recording of time or accounts that would correspond to these different activities. This process can be set up in the finance department as needed.

 12-12-18  
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Mayor, Richard Edwards Date