

Purchasing and Expenditure Policies

To provide for the fair and equitable treatment of all persons involved in public purchasing by the City and in order to maximize the value of public funds and provide safeguards for maintaining a purchasing system of quality, control, and integrity, the following purchasing and expenditure policies should be followed.

Policy pertaining to the amount of a purchase determines how the purchase will be handled. These policies should be followed in all circumstances and shall be applicable to any and all disbursements of any City funds for any City projects or contracts. Listed are general minimums for check requests or purchase orders, quotes, bids and proposal guidelines for supplies, services and capital expenditures other than Public Works and Public Road Contracts (as defined later in this document). All dollar limits are to be applied per transaction or invoice and do not apply to statements or monthly, recurring bills. Dividing a transaction in order to avoid obtaining the proper approval for a purchase is prohibited and will be addressed with disciplinary action. This could be evidenced by a pattern of multiple transactions within a short time period such as timestamps on receipts, multiple purchases of the same item, etc.

Petty Cash may be used for purchases and reimbursements of \$50.00 or less.

Up to \$500.00 Check request can be used for a single transaction and no quotes are required. To be approved by department supervisor or City Clerk.

\$500.01 to \$2,500.00 Check request and one supplier quote (verbal or written) is required. Purchase order to be approved by department supervisor.

\$2,500.01 to \$5,000.00 Purchase order and one written quote and approval of the department supervisor. Written authorization of the Council member of that department should be obtained on the purchase order or by an attached email prior to issuance of a completed purchase order. If an attempt is made, but the appropriate Council member is not available, approval can be sought from another Council member if the purchase cannot be delayed. If the Council member chooses to not approve a purchase order, the purchase order should be brought before the entire Council if the supervisor still wishes to pursue the purchase. The department supervisor will be responsible for obtaining this proper approval.

\$5,000.01 to \$99,999.99 Purchase order and two written quotes, bids, or proposals are required. Purchases shall be approved by the Council prior to issuance of a purchase order. If two quotes, bids, or proposals are not available, additional written documentation should be provided by the supervisor requesting the purchase stating the reason. If work cannot be performed by the approved vendor within 45 working days, the supervisor and Council member over that department may choose to accept a second quote, bid or proposal originally presented and may proceed with having work performed after written notification by email to the Mayor and Council. If more than two quotes, bids or proposals were originally obtained, the proposed expenditure should be returned to the Council for selection of a new vendor.

Greater than \$100,000.00 Supplies, equipment, and service contracts require a contract and sealed bids or proposals and shall be advertised in the legal organ a minimum of two times, with the first advertisement occurring at least four weeks prior to the opening of sealed bids or proposals. Contracts should be signed by authorized individual upon Council approval. These

contracts will require bid, performance, and payment bonds. These requirements may be waived if prior favorable experience justifies allowance of a cash deposit or bank letter of credit in lieu of the bonding requirements. Such allowances are to be approved by the Council.

Invoices for less than \$2,500.01, recurring invoices (i.e. monthly utility bills), or invoices covered by contracts do not require a purchase order. A listing of current invoices classified as monthly recurring payments can be obtained from accounts payable. This listing will be provided to the Council for review at the beginning of each year and they will be notified in writing by email of any additions during the year.

A supervisor can only sign a check request or purchase order for his or her department(s). If an expenditure will be accounted for in the budget of another department, the approval of the applicable supervisor must be obtained. Supervisors include those individuals designated as such by the Mayor and Council. This includes but is not limited to the Mayor, Office Supervisor, Police Chief, Street Supervisor, Water Maintenance Supervisor, Utility Billing Supervisor, Shop Supervisor, Water Plant Supervisor, Sewer Plant Supervisor, and Park Supervisor. The City Clerk is also authorized to sign check requests for expenditures directly related to the activities of City Clerk. An authorized individual should be designated by the Council member over that department in the absence of a supervisor.

This policy shall apply to all purchases, excluding only (1) the prepaid expense of supplies and materials required for new customer taps and (2) refunds to customers for errors in billing or collections, (3) replacement of water/sewer stock inventory to maintain levels as indicated on the inventory listing, (4) street paving/ patching up to \$10,000 annually that can be approved by the Council person over that department. A copy of the customer payment for prepaid expense should be attached to a purchase order approved by the department supervisor as these expenses are reimbursed by new customer tap fees or refunds for prior payment.

Supervisors should strive to use a single check request or purchase order for a project so that the cumulative amount for projects can be tracked. The proper approval should be obtained according to the cumulative total. Invoices should not be separated, or separate vendors used in order to avoid obtaining the proper approval. The Council wishes for engineering invoices, specifically, to be presented to the Council for approval when the cumulative amount for each project reaches \$5,000.

Since the budget is approved at the department level by the Council rather than by line item, no expenditures can be assumed to have been approved by the adoption of the budget. A purchase order can be approved by the City Council for multiple purchases of specified items or services from a particular vendor for up to a fiscal year. A total dollar amount limit should be specified, and the total purchases cannot exceed this amount for the specified time period without re-approval. Annual contract renewals may be approved by the department supervisor if there is not an increase of more than 10% from the prior year. The supervisor should notify all elected officials by email at least 10 days before the renewal if the invoice will not be approved at a Council meeting.

Requests to obtain a check request or purchase order can be done by employees within a department but must be signed off by the appropriate supervisor and should include sufficient detail to inform the authorizing individuals as to the purpose of the purchase. All bids, quotes or proposals for purchases less than \$99,999.99 should be attached or noted on the requested purchase order, as applicable, and submitted to the City Clerk or Finance Director before payment is made. The department supervisor is responsible for obtaining the appropriate approval for

purchase orders up to \$5,000 and for providing all necessary information for requests above \$5,000 to be submitted to the Council for approval. The purchase order should be pre-numbered and should include the name of the vendor, a description of the item(s) or service, the actual or estimated cost and the budgeted line item account number or description. The purchase order should be assigned to a budgeted line item and if there are insufficient funds within the cited account, should have a budget amendment according to the budget policy in a timely fashion. The budget policy allows for an amendment approved by the City Clerk and/or Mayor if within the department or approval by the Council for amendments between departments. If a check request or purchase order requires an increase after the invoice is received, it should be approved according to purchasing policy applicable to the dollar amount of the increase only, unless the increase pushes the total invoice over the \$5,000 threshold requiring Council approval.

Professional services, supplies, repairs and general maintenance should follow the guidelines provided herein; however, it is acknowledged that certain services and supplies or equipment, can only be obtained, purchased, repaired or serviced through authorized service centers or by specially trained personnel or from certain vendors. The public interest is best served by receiving professional services from certain vendors or maintaining such equipment, systems and facilities in accordance with manufacturer's requirements and warranties. For this reason, such services and supplies may be obtained without obtaining bids, quotes or proposals as generally required by this ordinance upon written determination by the appropriate approver according to the dollar amount of the purchase. When two or more quotes, bids, or proposals are not obtainable due to factors such as quality, service, availability, quantity, usability or other matters affecting the best interest of the City, the purchase order, at the time of approval, shall note when these circumstances exist (for example, standardized items, sole source vendors, professional services, etc.).

Once the invoice is received, it is matched with the correct purchase order or check request and any other supporting documents, such as packing slips and quotes, bids or proposals, and is processed by the finance department by verifying quantity, cost, terms and conditions for payment. Checks will normally be issued every other Thursday but can be issued at other times at the discretion of the Finance Director. Accounts payable check proofs should be sent to the Mayor and Council for their reference when checks are printed. Effort will be made to send the check proofs the day before checks are distributed. Checks are processed using blank check stock. All documents of the City requiring execution, including but not limited to checks, drafts, money orders and wire transfers shall bear the signature of two City officers or employees as designated on the signature card for the appropriate bank account.

All invoices should be sent directly to accounts payable at City Hall. An invoice number should always be entered for nonrecurring payments to avoid duplicate payments. Invoice number standards include that no leading zeros will be included and the invoice date (in MMDDYYR format) with no dashes, /, or special characters will be used if there is not an invoice number on the document. All invoices should be individually entered if nonrecurring and/or paid by statement to avoid duplicate payment. Only original invoices or vendor copies attached to a statement should be processed. Copies should be requested directly from the vendor if original invoice is not available. The terms of the City are 30 days for payments due to vendors.

The City will not be responsible for a purchase made by a City employee who does not follow the appropriate procedure for a purchase. All officials/employees authorized to sign checks shall only be authorized if it is within the realm of this spending policy. If the check is over the spending limit and has not been properly approved by the City Council, the official/employee does not have the authority to sign the check.

Any expenditure to a non-profit organization should be reviewed by the Finance Director for the appearance of a gift or donation. The Georgia Constitution (article III, section VI, paragraph VI) prohibits making a gift or donation or gratuity to any person, corporation or entity of any public funds. The City, therefore, always needs to receive some service or product as to the expenditure of tax funds. This can typically be documented by way of a contract but also permits an invoice approved by the normal purchasing procedures but should be approved by City Council if the Finance Director determines there is any appearance that the expenditure is a gift or donation. This policy should be applied specifically to the expenditure of hotel/motel tax funds.

PURCHASES ON CREDIT AND CREDIT CARD PURCHASES

Purchases on City credit or with a City issued credit card shall follow all purchasing policies in the same manner as previously outlined. For example, check requests or purchase orders, according to the dollar amount, should be utilized. Furthermore, purchases with a credit card shall further follow the City's purchasing card policy. Supporting receipts and documents should be matched and attached to the statement before payment. Any purchase requiring Council approval should be obtained before the purchase is made. Credit cards should be kept in a secure location and are the sole responsibility of the department head or employee who is issued a credit card. Abuse of any City credit card may result in immediate disciplinary action including, but not limited to, termination and felony criminal prosecution.

CONTRACTS FOR PUBLIC WORKS AND ROAD CONSTRUCTION

For purposes of this section, "public works construction" means the building, altering, repairing, improving, or demolishing of any public structure or building or other public improvements of any kind to any real property, other than a project covered by federal or state funding whose bid solicitation and contract requirements take precedence over general law found in O.C.G.A. Title 36, Chapter 91. This term does not include the routine operation, repair, or maintenance of existing structures, buildings, or real property, or any energy saving performance contract.

All public works construction contracts entered into by the City of Blue Ridge with private persons or entities shall be in writing and on file in the City Clerk's office, available for public inspection and copying during normal business hours. All public works construction contracts shall be executed and entered in the manner and with the formalities required by the City Charter and other applicable laws.

Unless otherwise required to follow specific procedures set forth in federal or state grant or funding agreements for a specific project, the City shall comply with the sealed competitive bid procedures set forth in O.C.G.A. Title 36, Chapter 91, including the requirements for competitive sealed bids, advertising, and bid, payment and performance bonds and maintenance agreements set forth therein, which by reference are made a part hereof.

The requirements of this section shall apply to all public works construction projects having an estimated cost of \$100,000 or more and projects shall not be subdivided in an effort to evade these requirements. These requirements shall not apply to projects necessitated by an emergency; provided, the nature of the emergency shall be found and described in the minutes of the City Council. The requirements of this section shall not apply to any projects or portions of projects self-performed by the City or when labor is performed by inmates from a state correctional institution. The requirements of this section shall not apply to sole source public works construction projects when the City Council, by resolution in a duly convened public meeting, has found and concluded that competitive procurement is not available or otherwise not feasible.

Furthermore, the requirements of this statute shall not apply to public works construction projects subject to the requirements of Chapter 4 of Title 32, which define procedures for contracting for the construction, reconstruction, or maintenance of all or part of a public road. No contract involving an expenditure of more than \$20,000 but less than \$200,000 shall be awarded without the submission of at least two estimates. Any contract involving the expenditure of more than \$200,000 shall be let by public bid and follow all other requirements of O.C.G.A Title 32, Chapter 4 set forth therein, which by reference are made a part hereof. Pursuant to State law, road construction contracts of \$5,000 or more must have a performance and payment bond.

EMERGENCY PURCHASES

A bona fide emergency is a situation which arises where it would seriously jeopardize the safety, health and welfare of the City's mission or where it would otherwise adversely affect the work of the City to utilize normal purchasing procedures. The department supervisor and/or Mayor will determine the existence of an emergency situation or condition. Department supervisors will not use the emergency purchase procedure to abuse or otherwise purposely circumvent the established purchasing procedures.

The procedure for an emergency purchase is as follows. Purchase of services, goods, supplies and materials is consummated and receipt obtained. A written statement from the department supervisor explaining the nature of the emergency is prepared, with receipt and/or other necessary paperwork attached and forwarded to the City Clerk or Finance Director the next working day. Advance notice to the Mayor should be attempted but is not required. The emergency purchase shall be reported to the Mayor and members of the City Council within 48 hours and shall follow the applicable purchasing policies for final approval before payment.

PETTY CASH POLICY AND PROCEDURES

All departments can use the City petty cash fund located at City Hall to purchase items with a total cost of \$50.00 or less.

The Petty Cash Fund shall not be used for personal transactions such as cashing personal checks or temporary loans of any kind. The Petty Cash Fund will maintain a balance of \$500 to be reimbursed from accounts payable as needed. It will be administered by the Office Supervisor and should be maintained in a locked cash box with access limited to the administrator and one other person for back-up. No reimbursements should be made from the cash collections drawers of office personnel.

The City of Blue Ridge is exempt regarding sales tax and every effort should be made to avoid sales tax reimbursement from petty cash. If a vendor conducting business with the City does not have a Tax Certificate of Exemption form for the City, please contact City Hall to get a copy.

An invoice, statement, receipt, bill of sale, or some other valid form of transaction document must be presented to the Petty Cash administrator before any funds can be disbursed. The petty cash form should be completed and signed by the cash recipient and attached to each receipt or document for reimbursement from accounts payable.

TRAVEL POLICY

It is the policy of the City of Blue Ridge to reimburse any employee, agent, or elected official for any expenses incurred in the performance of their official city duties or scope of services, which

have not otherwise been paid, through an “accountable plan,” defined by the Internal Revenue Service as follows:

1. Employees must have paid or incurred deductible expenses while performing services as an employee; and
2. Employees must adequately account to the employer for these expenses; and
3. Employees must return any excess reimbursement or allowance.

Conferences, Seminars, Training Sessions

A check request form (or purchase order if the dollar amount necessitates) must be submitted and approved in advance (prior to departure) for any travel, including out of state, common carrier (air/rail/bus), and overnight or other employee travel. The dates you left and returned home for each trip along with the destination and purpose should be indicated on the request. The items of information and proposed expenses should be estimated as accurately as possible and additional expenses actually incurred can be submitted upon return.

The check request/purchase order should include miscellaneous per diem amounts, such as meals and parking, “city standard” (www.mapquest.com) miles or odometer readings, and an agenda of the meeting or conference. Mileage will be paid at the IRS standard mileage rate. The IRS usually adjusts this amount annually, and the City will follow IRS standards. Personal vehicles should only be used if a City vehicle is not available, not in condition for the trip or upon approval of the Mayor. Employees may be reimbursed for the mileage incurred from the point of departure for the travel destination. During the normal work week, the point of departure will be either the employee’s residence or workplace, whichever is nearer to the destination point. During weekends and holiday, employees should use the actual point of departure to calculate travel mileage. The Finance Department should be immediately notified if for any reason the employee is unable to attend the event, so that registration may be refunded if possible and per diem’s repaid if applicable.

The City will pay directly to the training office, conference headquarters, etc. for the registration for employees or elected officials and spouses of elected officials (where spouse registration is available) for those conferences, seminars, or training sessions approved by the proper authority. The City will also pay/reimburse for registration paid by a personal credit card if required and personal expenses associated with the training or conferences such as mileage, meals, airfare, parking, and lodging, etc.

Meals, Lodging and Incidental Expenses

Reimbursement for meals, lodging and incidental expenses are reimbursable only when “away from home” travel is required. Incidental expenses include costs for parking and tips for services. Employees or elected officials of the City would be deemed to be traveling “away from home” if duties require the individual to be away from the general area of home substantially longer than an ordinary day’s work.

Appropriate tax-exempt forms (Hotel/Motel Tax Exempt and Georgia Sales Tax Exemption) should be submitted upon registration/check-in for lodging. It is the responsibility of the employee to see that the forms are submitted correctly, and that the City receives all eligible exemptions for travel expenditures. Generally, hotels/motels located within the state of Georgia will recognize and grant the exemption. If the lodging establishment is hesitant at check-in, effort should be made to clear the matter before checkout, so the rates will not include taxes.

Reimbursement for meal expenses when “away from home” travel is required will be made at a rate of \$30 per day. Breakfast (\$5.00) will be provided if the employee is “away from home” before

7:00 am. Lunch (\$10.00) will be provided if the employee “away from home” at 12:00 pm. Dinner (\$15.00) will be provided if the employee is “away from home” at 6:00 pm. Meals provided in conference registration will not be reimbursed.

Employees, elected officials or spouses of elected officials on official business may elect to submit receipts for meals. However, the rates per day should not exceed the rates per city in Georgia as listed at www.gsa.gov. Official conferences that are out of state should not exceed the limits allowed in the Federal Travel Regulations for that state/ locality. Conferences, seminars, or training, which do not include lodging for an overnight stay, will not include meal reimbursement unless the meal is a required part of the meeting or the requirements are met for the length of time “away from home”. (i.e. leave prior to 7:00 a.m. to receive breakfast and return after 6:00 p.m. to receive dinner.)

UNIFORM POLICY

The City of Blue Ridge provides uniforms to all employees as applicable to their department. The maintenance/plant workers, including but not limited to the street, water, sewer, and park departments are provided semi-annually with shirts and jackets with the City logo and receive \$200 annually for the purchase of pants. Boots can be purchased or reimbursed (with a receipt) up to \$200 annually as determined by the department supervisor. All lifeguards are provided with bathing suits, approved and purchased directly by the City. The police department is supplied with all uniforms and accessories deemed necessary by the Police Chief and purchased directly by the City. The City Hall department is periodically provided with a uniform allowance of \$200 per person, to include any applicable embroidery.

VENDOR FILE AND MAINTENANCE

All vendor files are maintained by the finance department with an annual file containing all invoices and checks for each vendor according to the vendor number automatically assigned by the accounts payable software. A temporary vendor number may be used if it is an expected one-time purchase, with specific temporary vendor numbers for certain categories of purchases such as travel, hotels, reimbursements and refunds. Procedures to control the entering and editing of the master file data include naming standards such as any vendor name beginning with “A” or “The” should drop the first word and any vendor name ending in Inc. or Corp. should include that designation. A vendor should only be added upon approval by the finance department to avoid being entered into the accounting system multiple times. The vendor master file will be reviewed annually to inactivate vendors who have not been used during the past 12 months. Any vendor providing a service will be required to complete a W-9 form and provide the information necessary to issue a 1099, if necessary, prior to the issuance of any checks to that vendor.

FEDERAL WORK AUTHORIZATION PROGRAM

Pursuant to O.C.G.A. § 13-10-91, all contracts for the physical performance of services within this state, to be binding on and enforceable against the City, shall require the contractor to register and participate in the federal work authorization program to verify work eligibility of all newly hired employees and subcontractors. Before an estimate or bid for any such service is considered by the City, the vendor shall provide a signed, notarized affidavit from the contractor attesting to the following:

- (1) The affiant has registered with and is authorized to use the federal work authorization program;
- (2) The user identification number and date of authorization for the affiant; and
- (3) The affiant is using and will continue to use the federal work authorization program throughout the contract period.

No contractor or subcontractor under contract with the City in connection with the physical performance of services within this state shall be entitled to payment from public funds for its services unless such contractor or subcontractor registers and participates in the federal work authorization program. It shall be deemed a breach of contract for any contractor, or subcontractor thereof, who physically performs services within this state under a contract with the City, to fail or refuse to participate in the federal work authorization program throughout the term of such contract. It shall be the duty of the contractor and/or subcontractor(s) to maintain records of federal work authorization verification by all newly hired employees for the term of the contract and to maintain such records for not less than three years from the contract's date of final completion. Such records shall be considered an open public record and made available to the City upon request or in the event of contract audit by a federal or state agency; provided, however, any information in such record protected from public disclosure by federal or state law shall be redacted.

PROHIBITED TRANSACTIONS

It shall be the policy of the City that no employee of the City shall also be a vendor and be allowed to participate in the bidding process or sell goods or services to the City. Purchases shall not be routinely solicited from suppliers in which any elected or public official of the City is known to hold a pecuniary interest of ten percent or greater, or over which he or she exercises significant managerial control, unless it can be demonstrated that no other reliable source of supply is available, and the public officer makes written disclosure of such interest and abstains from participation in the consideration of the purchase. All purchases, regardless of amount, from suppliers in which a public official holds a pecuniary interest of ten percent or greater, or exercises significant managerial control, shall require the approval of the City Council.

It shall also be the policy of the City to refrain from soliciting or accepting money, loans, credits, or prejudicial discounts, and the acceptance of gifts, entertainment, favors or services from present or potential suppliers which might influence, or appear to influence purchasing decisions. Traditional advertising items valued at less than \$25 may be accepted.

BID RETENTION AND AUTHORITY TO REJECT BIDS

All bids for goods or materials of any kind or character purchased by the City shall be kept on file by the City Clerk in accordance with the document retention schedules of the City. After an award has been made, the bids shall be subject to inspection at any time during normal business hours by any citizen of the City.

Except where prohibited by law or by the wording of an advertisement for bids, the authority permitted to accept bids shall be permitted to reject all bids or parts of bids and re-advertise for bids, where the public interest will be served thereby.

REQUEST FOR PROPOSAL

Any item or service which is expected to cost \$100,000 or more, where in the opinion of the City of Blue Ridge, it is considered to be in their best interest not to employ the formal bid process, public notice of a request for proposal shall be publicly advertised as provided for in Georgia law. A request for proposal is defined as any solicitation document used in a competitive sealed proposals process. Requests for proposals are basically the same as requests for bids with the exceptions that requests for proposals do not require a public opening, but a public opening may be and is generally used. The distinguishing point is that only the name of each proposer is read aloud, with no other information being disclosed, and the proposals do not become "open records" until after the contract is awarded. These exceptions are instituted to prevent any negative effects

on subsequent negotiations between the City and the vendor, as requests for proposals do **allow negotiation** and permit modification to both content and price after submittal while in the evaluation process.

ELECTRONIC TRANSMISSION OF INFORMATION, SIGNATURES AND RECORDS

Electronic commerce shall include but not limited to on-line vendors registration, acceptance of bids and proposals by electronic mail, electronic or virtual purchasing malls and catalogs, notifications of solicitations and download capability and acceptance of electronic (digital) signatures. Notwithstanding any other provisions, this section applies to records generated, stored, processed, communicated, or used for any purpose by the City for purchasing, procurement, acquisition, services, or disposition of personal property. This shall apply to all City contracts except for public works contracts.

The City Clerk and/or the Finance Director or his or her designee is authorized to promulgate procedures to coordinate, create, implement, and facilitate the use of common approaches and technical infrastructure, as appropriate, to enhance the utilization of electronic commerce, electronic records, electronic signatures, and electronic security procedures by and for the City for these purposes. The City Clerk and/or the Finance Director shall be authorized to develop, implement, and facilitate procedures for the use of electronic records, electronic signatures, and security procedures for all other purposes. The City Clerk and/or the Finance Director is authorized to promulgate methods, means, and standards for secure electronic procurement transactions.

An electronic record satisfies any rule requiring a document to be in writing. An electronic signature satisfies any rule of law requiring a signature. Any electronic record is signed as a matter of law if it contains a secure electronic signature. An electronic signature is deemed to be secure if it is created by application of a security procedure that is commercially reasonable and provided the electronic signature can be verified and agreed to by the City. Further, it is considered secure if it can be linked to the electronic record to which it relates in a manner such that, if the record is changed, the electronic signature is invalidated. The electronic record will be deemed secure when it can be verified not to have been altered since a specified point in time.

UNCLAIMED PROPERTY

In accordance with O.C.G.A. 44-12-190 et. seq. all unclaimed property held longer than the dormancy period, will be remitted to the Georgia Department of Revenue. The dormancy period for most property, including accounts payable and customer deposits, is 5-7 years.

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