



# **PURCHASING Procedures Manual**

45 Broad Street, Westerly, RI 02891  
and  
23 Highland Avenue, Westerly, RI 02891

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**MUNIS SHORTCUT KEYS**



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- Add



- Export to Excel



- Update



- Enter



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## **SECTION I GOALS**

This manual has been designed to insure that the policies set by the Town Council/School Committee with regard to the expenditure of public funds are met by all Town/School departments. If these policies are adhered to, the Town/School will receive the maximum value for each public dollar spent.

### 1.1 Basic Goals

The basic goals of the Town's/School's purchasing program are:

- a. To comply with the legal requirements of public purchasing;
- b. To assure vendors that impartial and equal treatment will be afforded all who wish to do business with the Town/School;
- c. To receive maximum value for each public dollar spent;
- d. To provide Town/School departments the required goods and services at the time and place needed in the proper quantity and quality; and
- e. To purchase only goods and services for which funds have been approved through the budget process and not previously encumbered.

If the procedures and guidelines established in the manual are followed, each department will efficiently manage, control and plan their available resources to meet present and future departmental needs and help the Town/School meet these goals.

## **SECTION II GENERAL GUIDELINES**

These general guidelines should be considered Administrative rules and regulations and are to be adhered to by all departments in the procurement of goods and services.

### 2.1 Local Buying

It is the desire of the Town/School to purchase from Westerly vendors whenever possible. This can be accomplished by insuring that local vendors who have goods or services available which are needed by the Town/School are included in the competitive shopping process which will precede most purchases. The Town/School has a responsibility to its residents, however, to insure that the maximum value is obtained for each public dollar spent. It is assumed that local vendors who wish to do business with the Town/School will offer the lowest possible quote for the item being purchased.

### 2.2 Planning

Planning for purchases should be done on both a short term and a long term basis. Small order and last minute purchases should be minimized, thereby increasing the capability of each department to purchase its goods and services in larger quantities in order to obtain the maximum discounts possible. Planning will also cut down on the number of trips required to obtain materials and minimize the amount of clerical and supervisory time spent on documenting purchases. The purchasing process begins with the preparation of the Annual Budget.

### 2.3 Overdrafts Prohibited

No purchase will be authorized which would overdraft a budgetary line item account. Department Heads who are contemplating a purchase that will exceed a budgetary line item account should notify the Finance Department in writing of the expected shortfall and indicate if funds are available in other accounts within the department's budget. If available funds do exist, the purchase will be authorized and a line item budget transfer may be made to cover the expected shortfall.

### 2.4 Buying Proper Quality

Quality and service are just as important as price and it is the duty of the requisitioning department to secure the best quality for the purpose intended. Quality buying is the buying of goods or services that will meet but not exceed the requirements for which they are intended. In some instances, the primary consideration is durability. With other purchases, it may be a question of immediate availability, ease of installation, frequency of repair or efficiency of operation that must be given primary consideration. In the case of motor vehicles and other capital expenditures, departments may want to investigate life cycle costs or EPA mileage rating to compare bids as opposed to utilizing the price as the criterion for determining the lowest responsible bidder. It is the responsibility of each Department Head to become familiar enough with the available equipment to determine the appropriate quality required in order to develop specifications.

### 2.5 Vendor Favoritism

Acceptance of personal or town/school gifts from vendors attempting to influence purchasing decisions will not be tolerated. The penalty for accepting personal gifts to influence the decision process will be immediate termination. Procurement of goods or services from any vendor regardless of price - with any implied or stated understanding that said vendor will be rewarded in any manner – including implied or stated future award(s) of no-bid purchase orders or contracts – will not be tolerated and will be grounds for immediate termination.

### 2.6 Sales Tax

The Town/School is exempt from paying all local and state sales taxes or Federal Excise taxes. The Finance Department can provide the necessary exemption documents to any vendor upon request.

### 2.7 Public Access

All specifications, bid documents, purchase orders and supporting documents are public records which will be made available to citizens, vendors or the media, upon request through the Town Manager/Superintendent.

### 2.8 Endorsements

It is Town/School policy not to endorse or in any way permit an employee's name, position, or the Town's/School's name to be used and advertised as supporting a product or vendor.

### 2.9 Personal Purchases

Purchases for employees by the Town/School are prohibited. Town/School employees are also prohibited from using the Town's/School's name or the employee's position to obtain special consideration in personal purchases.

## 2.10 Conflict of Interest

No employee, officer or agent of the Town of Westerly/Westerly Public Schools shall participate in selection or in the award or administration of a contract if a conflict of interest, real or apparent would be involved.

## 2.11 Minority Business Enterprises

Pursuant to the provisions of RIGL 37-14.1; the Town reserves the right to apply additional consideration to offers, and to direct awards to bidders other than the responsive bid representing the lowest price where:

- a. the offer is fully responsive to the terms and conditions of the Request, and
- b. the price offer is determined to be within a competitive range (not to exceed 5% higher than the lowest responsive price offer) for the products or services, and
- c. the firm making the offer has been certified by the RI Department of Economic Development to be a small business concern meeting the criteria established to be considered a Minority Business Enterprise. Ten percent (10%) of the dollar value of the work performed against contracts for construction exceeding \$5,000 shall be performed by Minority Business Enterprises where it has been determined that subcontract opportunities exist, and where certified Minority Business Enterprises are available. A contractor may count towards its MBE, DBE, or WBE goals 60% of its expenditures for materials and supplies required under a contract and obtained from an MBE, DBE, or WBE regular dealer, and 100% of such expenditures when obtained from an MBE, DBE, or WBE manufacturer. Awards of this type shall be subject to approval, by the Purchasing Agent, of a Subcontracting Plan submitted by the bidder receiving the award.

## **SECTION III PURCHASING PROCEDURES**

The Town Council/School Committee has established policies regulating the degree of formality to be followed in the purchase of goods and services, depending on the costs of the items to be purchased. The splitting of purchases into smaller orders to avoid these requirements is strictly prohibited.

### 3.1 Signature Requirements

All requisitions require Department Head signature or designee and all purchase orders will be signed by the Purchasing Agent regardless of the dollar amount.

### 3.2 All Purchases

All purchases must have prior purchase order approval by the Finance Director, Purchasing Agent — (up to \$5,000) or the Finance Director, Purchasing Agent and Town Manager (over \$5,000) prior to the order taking place. The department may find it convenient to occasionally use the Request for Quotation or Telephone Quotation forms, even though items required are below the amounts necessary to trigger this procurement process.

### 3.3 Purchase Requisition up to \$500

Requisitions for goods or services having a value of up to \$500; a telephone quotation should be obtained and retained in your department. All telephone quotes should be quoted with shipping

charges stated as "f.o.b. – destination." Enough detailed description for each line item must be provided. Where multiple items are being purchased each line item will be denoted, described and priced individually. The quotations may be obtained over the telephone or by whatever other means available- utilizing the TELEPHONE QUOTATION form. Catalog prices may be used in this price range for out-of-state vendors. The purchase requisition which shows the award to the lowest responsible vendor should be forwarded to Finance for review and approval with a telephone quotation form attached. After approval by the Purchasing Agent the Finance Director will review and approve, verifying that funds are available and the accounts are correct.

### 3.4 Purchases from \$501 to \$2,500

Requisitions for goods or services having a value of from \$501 to \$2,500 must be submitted for approval prior to placing an order with a vendor. Departments should obtain a minimum of two telephone quotations unless conditions exist precluding the obtaining of competitive pricing. All telephone quotes should be quoted with shipping charges stated as "f.o.b. – destination." Enough detailed description for each line item must be provided. Where multiple items are being purchased each line item will be denoted, described and priced individually. The quotations may be obtained over the telephone or by whatever other means available-utilizing the TELEPHONE QUOTATION form. Catalog prices may be used in this price range for out-of-state vendors. The purchase requisition which shows the award to the lowest responsible vendor should then be forwarded to the Purchasing Agent for review and approval with a telephone quotation form attached. In certain instances, the Purchasing Agent may obtain the quotations when requested by the departments or when knowledge of said product will yield a more advantageous price. After approval by the Purchasing Agent the Finance Director will review and approve, verifying that funds are available and the accounts are correct. If Department Heads are unable to secure two telephone quotations, a notation explaining why less than two qualified vendors were available should be made on the quotation form, attached to the purchase order and forwarded to the Purchasing Agent. Provided all guidelines have been followed and that sufficient funds exist, departments should allow for lead time of 48 hours for Purchasing and Finance approval. Please note that if proper backup information is not included, purchasing lead time will be extended. At times a telephone call requesting approval from the Purchasing Agent for purchases in the \$501 to \$1000 may trigger approval. The Purchasing Agent will make a judgment on a case by case basis on whether to approve over the phone.

If in the opinion of the Purchasing Agent a department is abusing the telephone quote system, the Purchasing Agent may require the department to use formal bid procedures. Descriptions of items purchased must be exact and as detailed as possible regardless of the price range.

### 3.5 Purchases from \$2,501 to \$7,500 (Non-construction) & \$2,501 to \$15,000 (Construction)

In accordance with state law, prior to processing a purchase order to secure goods or services costing over \$2,501, Department Heads must obtain three written quotations. Request for Quotation forms will be used to document these quotations and an RFQ number will be assigned preceded by the following department codes:

HW – Highway	THB - Building Office	THP – Planning
P – Police	THC - Town Clerk	THT - Tax Collector
R - Parks & Recreation	THC - Municipal Court	THZ – Zoning
U - Utilities	THH - Human Resources	
THA – Assessor	THM - Town Manager	

Use of these RFQ numbers will serve the purpose of accountability and also will allow departments to use the same quotation for a period of 6 months without having to re-obtain quotations when to our advantage and the vendor agrees to hold the pricing. If Department Heads are unable to secure three written quotations, a brief memorandum explaining why less than three qualified vendors were available as well as the Request for Quotation form should be attached to the purchase requisition and forwarded to the Purchasing Agent's Office for approval.

Department Heads are reminded that the use of written quotation forms requires appropriate planning to insure that adequate lead time is available to satisfy the purchasing requirements. It is, of course, possible to call in the quotations, fax or hand carry the Request for Quotations to qualified vendors and obtain the three quotes, complete the summary section on the top sheet of the Request for Quotation form and submit a purchase order - in a single day. The more detailed the purchase, the more the need for written specifications. A good rule of thumb is to review your requests with the Purchasing Agent prior to beginning the process.

Provided all guidelines have been followed and that sufficient funds exist, departments should allow for lead time of 72 hours for purchasing approval. Please note that if proper backup information such as explanation as to why less than three quotations were obtained, is not included, purchasing lead time will be extended. If in the opinion of the Purchasing Agent a department is abusing the written quote system, the Purchasing Agent may require the department to use formal bid procedures.

### 3.6 Purchases in Excess of \$7,500 (Non-construction) \$15,000 (Construction)

Department Heads anticipating the purchase of goods or services exceeding the value of \$7,500 for non-construction and purchase of goods or services exceeding \$15,000 for construction, should prepare specifications based upon standards appropriate to meet the Town's/School's needs. The bid package including specifications should be forwarded to the Purchasing Agent's Office along with a Pre-bid Checklist, indicating funds budgeted for the purchase, and any revised cost estimates that may exist. The Purchasing Agent will then review the advertisement and the bid package, and forward same to the Town Manager/Superintendent with the pre-bid checklist for approval after signing the pre-bid check list. After Town Manager/Superintendent approval and the Purchasing Agent submitting for advertising, the Purchasing Agent or Department Head – depending on the circumstances - will send out specifications to vendors on the list of vendors to receive bid packages. The Department Head will work with the Purchasing Agent to develop the bidders list. A bid packet containing an invitation to bid, specifications, and general bid documents will be sent to these vendors or picked up, as well as those who respond to the legal notice. Formal Bids will be advertised for at least seven (7) business days prior to bid opening and no more than twenty-one (21) (State Statute). Bids will be received in duplicate. After these bids are publicly opened, one set of bids will be turned over to the Department Head for review. The Department Head will prepare a written tabulation of all bids and draft a memorandum of recommendation and Town Council/School Committee resolution to the Town Manager/Superintendent with a copy to and concurrence of the Purchasing Agent. All purchases over \$7,500 for non-construction purchase of goods or services and purchases exceeding \$15,000 for construction must be awarded by the Town Council/School Committee at a Public Meeting. The award will normally be made to the low bidder meeting specifications. However, there may be instances when the low bid is not from a responsible bidder or the bid is not in accordance with minimum specifications. When such a situation arises it is incumbent upon the Department Head to thoroughly document in writing the reasons why the low bidder or bidders should be disqualified. All bids requiring a contract will be prepared with all appropriate documentation after Town Council/School Committee approval — and forwarded to the Purchasing Agent. The Purchasing Agent will review the contract documents and recommend approval and forward said contract to the Town Solicitor. A Contract Review Check List will serve as the cover memo on said contract. After Town



Solicitor review, the contract will be ready for Town Manager/Superintendent signature. Please note that no work is to be started regarding any contract without an approved and signed Contract and Purchase Order.

## **SECTION IV SPECIAL PROCUREMENT PROCEDURES**

Occasionally the Town/School may need to purchase goods or services under circumstances which do not clearly fit the patterns of normal public procurement and for which normal competitive bidding procedures do not apply. The following guidelines are provided with regard to making such purchases.

### **4.1 Exclusive Service**

In the event that there is only one vendor capable of providing a particular good or service, then the competitive bidding procedures outlined in this manual may be waived by the Purchasing Agent up to \$7,500 and by the Town Manager/Superintendent over \$7,500. Regardless of the circumstances a Town Council/School Committee Award/Resolution is needed for all Purchases over \$7,500 unless such requirement is waived in by the Town Manager/Superintendent. When a Department Head determines that he/she must purchase goods or services from a "sole source vendor", he/she must document why only one company or individual is capable of providing the goods or services required. A "Sole Source" is the only source from which the item(s) or service(s) may be purchased regardless of price considerations. The documentation should be attached to the purchase requisition prior to authorization to the vendor. (complete sole source justification form, appendix )

### **4.2 Cooperative Procurement Programs**

Department Heads are encouraged to use cooperative purchasing programs sponsored by the State of Rhode Island or other jurisdictions. Cooperative purchasing can prove advantageous to the Town/School both by relieving Department Heads of the paperwork necessary to put together bid packages and by taking advantage of the large quantity purchases made by State Government or other state, municipal or federal entities. Purchases made through these programs have met the requirements of competitive bidding and require no further documentation. Department Heads are encouraged to check with the Purchasing Agent and/or the State through their website regarding cooperative procurement contracts in effect prior to making any purchase exceeding \$2,500.

### **4.3 Professional Services**

Normal competitive procedures cannot be utilized in securing professional services such as attorneys, engineers, certified public accountants, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process.

A Request for Proposal (RFP) for a particular project will be developed by the department requesting the service. The RFP should define the project in general terms and identify the various project components and phases. Detailed project descriptions should also be prepared to guide prospective consultants. The degree, if any, of federal participation should also be defined at this time since certain planning and design criteria may be prerequisites for federal or state assistance.

RFP's must identify evaluation factors and assign a point value to all factors. A minimum score requirement must be met for the proposal to be considered for award. The firm meeting the highest total score is awarded the contract.

RFP's should be submitted to the Purchasing Agent and Town Manager/Superintendent also using the pre-bid checklist for review and approval prior to distribution. When an RFP for professional services is approved, a list of qualified professionals known to the Town/School will be invited to submit a proposal setting forth their interest, qualifications and how they can meet the Town's/School's needs. In securing professional services it is the primary goal of the Town/School to obtain the services of a professional on the basis of demonstrated competence and qualification for the type of services required at fair and reasonable prices. It is recognized that competence, experience and ability are important considerations, and amount of fee alone is not the only criteria in selecting professional services. A contract will be negotiated with the professional deemed to best meet the Town's/School's needs. All professional service contracts in excess of \$7,500 must receive Town Council/School Committee approval.

#### 4.4 Open Purchase Orders

Open Purchase Orders are for long term contracts for goods or services awarded after receiving competitive bids. The purchase order remains open for a period of up to one year to purchase the goods or services specified on an "as needed" basis. Examples of Open Purchase Orders include construction materials such as rock, stone, sand, concrete and asphalt, trees and other landscaping materials, automotive supplies such as tires and batteries, hardware, and office supplies frequently or routinely utilized by the Town/School and for which the initiation of competitive shopping each time the goods or services are required would become cumbersome and inefficient. All Open Purchase Orders should indicate a not to exceed dollar amount, the award number, contract number, council resolution number if required, or other state, city or town or school contract or resolution numbers when applicable -- and the expiration date of the award.

#### 4.5 Emergency Purchases

The bid procedures outlined in this manual may be waived under emergency conditions when a delay may threaten the basic mission of a line department or where life or limb may be in jeopardy.

In case of an emergency and with the approval of the Purchasing Agent up to \$2,500 and the Town Manager/Superintendent over \$2,500, the Department Head may purchase the necessary supplies or services without complying with Section 2 of this Article. True emergency situations are rare and are classified as those where immediate procurement is essential to prevent delays in work which may vitally affect the life, health or safety of citizens or the immediate urgent mission of a line department. The department head will forward to the Purchasing Agent within two (2) working days a complete written explanation of the emergency circumstances, along with a purchase requisition. - addressed to either the Purchasing Agent or the Town Manager/Superintendent, based on the dollar amount. If the purchase was up to \$2500, the Purchasing Agent will approve. If over \$2500 the Town Manager will approve. Requests based on improper planning of lead time to procure normal operating supplies or services will not be allowed under this emergency provision. Emergencies that happen outside of normal working hours require the Department Head to contact the Purchasing Agent with details immediately on the next work day.

#### 4.6 Federally-Assisted Procurements

Federally-assisted procurements must include language specified in Appendix II to Part 200 in bid and contract documents. The required language is provided in Appendix A of this manual.

#### 4.7 Petty Cash Accounts

Very often, there is a need for immediate availability of funds. Petty cash funds will be issued in the amounts noted. The Petty cash limit is \$50.

Petty cash funds should be used to avoid the time and expense of issuing purchase orders for items totaling fifty dollars or less. All petty cash sales shall be tax exempt. It is the responsibility of the department employee to notify the vendor of the Town's/School's tax-exempt status. Petty cash funds will be reimbursed at least monthly. A check will then be prepared, made payable to the individual responsible for the particular department's petty cash, and it will be that person's responsibility to cash the check and assure that the funds are placed into the departmental petty cash fund. The Finance Department will conduct unannounced audits of petty cash funds to assure that monies are being properly accounted for. The use of petty cash funds for personal use, even for very short periods of time, is contrary to Town/School policy and grounds for termination.

#### 4.8 Term/Blanket Purchase Orders

Certain departments will be allowed by the Finance Director to issue blanket or term purchase orders to a vendor for minor supplies for up to a one-month period. This period will cover the time period established by the vendor for its billing schedule. It is the responsibility of the ordering department to coordinate the date covered with the vendor. All blanket purchase orders must be approved in advance by the Purchasing Agent. It is the responsibility of each Department Head to insure complete control over this segment of the Town/School purchasing process. Department Heads should designate employees who will be allowed to make purchases and to provide internal control procedures to insure that all purchases are for legitimate public purposes, that monthly statements from vendors are reconciled and especially that all purchases are properly accounted for. Abuse of this purchasing method will result in the forfeiture of this convenience. The value of term (blanket po's) should follow the same process for the dollar limits with normal purchase orders.

#### 4.9 Vendor Non-Response to Advertised Invitation to Bid Procedure

Infrequently, situations may occur wherein our standard procedure of public notice and advertisement requesting written, sealed bids for goods or services (as defined in sub-section Purchases in Excess of \$7,500 (Non-construction) \$15,000 (Construction)) fails to yield any formal bid or response. This is probably most likely to occur in a service or maintenance bidding situation requiring special vendor expertise, equipment, employee training or risk, significant liability or other unique qualification. Assuming that the bid package and specifications were clear, concise and complete, and all associated administrative functions satisfied, the following additional action should be implemented:

- a. Give public notice and advertise the request for bids a second time in a newspaper with a greater circulation and in an area where more potential bidders are likely to exist (e.g. Providence Journal vs. Westerly Sun). Judgment regarding the reasons for non-response should guide whether to advertise in the Providence Journal. This is not mandatory.
- b. If the second bid attempt is non-responsive, it seems reasonable to assume that our standard procedures will not yield the desired result. Specifically, and with the approval and assistance of the Purchasing Agent, a direct solicitation of potential vendors qualified to provide the goods or services required should be initiated by the Department Head similar to the purchasing practices employed in the private sector. If possible, at least three qualified written bids should be obtained with supporting documentation (e.g. certificates of

insurance, bonds, etc.). The Department Head will then prepare a written request to the Purchasing Agent and Town Manager/Superintendent for approval of the Town Council/School Committee for exemption to the standard purchasing procedure. The request would have to include the Department Head's arguments for this exemption as well as the written approval of the Purchasing Agent.

- c. Only with the approval of the Town Manager/Superintendent will the department head be authorized to issue a purchase order.

#### 4.10 Consolidated and/or Repetitive Purchase Orders

There are certain categories of products that are common to multiple Town/School departments, or are ordered repeatedly by the same department during the course of the fiscal year (e.g. office supplies, building supplies, etc.). These categories of products when ordered separately or repetitively by departments in a decentralized purchasing environment will rarely exceed the dollar limits defined in the Purchasing Procedures section of the Purchasing Manual on any individual purchase order (i.e. \$2,500). In a centralized purchasing structure, this procedure of issuing repetitive, small orders for the same products is financially disadvantageous. The quantity discounts associated with larger, consolidated purchases or blanket purchase order for specified time periods are not available. However, in issuing larger, consolidated purchase orders or blanket purchase orders from a centralized purchasing environment the dollar limits defined in the Purchasing Procedures section of the Purchasing Manual will probably be exceeded. This exemption to the Town/School Purchasing Manual extends the provisions and dollar limit from \$5,000 to \$10,000 when, in the opinion of the Purchasing Agent, the interests of the Town/School, both financially and operationally, will best be served by the issue of larger, consolidated purchase orders or blanket purchase orders through a centralized purchasing structure. The Purchasing Agent will attempt to negotiate with a minimum of three vendors when utilizing this section. The Purchasing Agent will approve all purchase orders issued under this format.

#### 4.11 Specialized Services

As the Town's/School's unavoidable usage of high tech electronic equipment increases (e.g. computers, facsimile machines, etc.), so too does our reliance on competent service and maintenance for this equipment through warranty or service contracts. Specialized services may also be desirable and/or difficult to obtain for certain unique or highly specialized requirements (e.g. uniform tailoring, heavy equipment repair, radio repair, land evidence records, computer repair etc.). In that these service contracts are specialized or difficult to obtain from multiple sources or require consistency, or due to Town/School satisfaction with the existing vendor, or a desire to consolidate contracts for the same equipment (e.g. copiers) under one service contract for optimum pricing or efficiency, the following exemption to the Town/School Purchasing Procedures is applicable. If, in the opinion of the Purchasing Agent, the interests of the town/school, both financially and/or operationally, are best served by consolidating, canceling, re-negotiating, or extending (without additional bidding) existing service contracts or highly specialized service arrangements, he or she is authorized to do so, notwithstanding the provisions and dollar limits of the Purchasing Procedures section of the Purchasing Manual. Correspondence outlining the need for this specialized service exemption must be provided by the department requesting the exemption. The Purchasing Agent will review the documentation and make a recommendation to the Town Manager/Superintendent as to whether or not the service is truly a specialized service. Based on the Purchasing Agent's opinion, approval will be given for this specialized service exemption or the department will be informed that they must follow normal purchasing guidelines.

#### 4.12 Negotiations with the Lowest Bidder

After receiving the required number of quotes/bids based on the Purchasing Procedures section of this Purchasing Manual, the Purchasing Agent and Town Manager/Superintendent have the authority to negotiate further price reductions on goods and services with the lowest qualified bidder in accordance with state law regarding municipal purchases.

#### 4.13 Original Manufacturer Direct Purchase

If an individual order is large enough, or the potential for an ongoing business relationship probable, some manufacturers will sell directly to the end user, bypassing their own authorized dealer/distribution network. In the situation where the Town/School has the ability to deal directly with the original equipment manufacturer of a product, the Purchasing Agent has the authority to negotiate with the OEM up to a maximum of \$ 10,000. This type of direct purchase will frequently yield the lowest possible price available in that an entire level of overhead costs and profits (i.e. the dealer) is eliminated. Should the purchase requirement be well defined (i.e. specific), and of significant quantity or repetitive in nature, contact the Town's/School's Purchasing Agent for assistance in reviewing this purchasing opportunity. In the event the manufacturer is receptive to direct sales, the Purchasing Agent will conduct the negotiations with the original manufacturer; compare pricing with the manufacturer's local dealers and/or competitors. A Purchase Requisition and Purchase Order to the original manufacturer, if applicable, will be approved and issued - providing the funds are available and appropriate authorization from the Finance Director and Town Manager/Superintendent has been received.

### **SECTION V SPECIFICATIONS**

#### 5.1 Formal Competitive Bidding

When goods or services are bought under the formal competitive bidding process, specifications must be prepared. Specifications, regardless of the type, should do four things:

- a. Identify minimum requirements;
- b. Allow for competitive bid;
- c. Be capable of objective review; and
- d. Provide for an equitable award at the lowest possible cost.

#### 5.2 General Guidelines

- a. Keep specifications as simple as possible while maintaining the exactness required to keep bidders from utilizing a loophole to avoid providing the quality goods or services required or in another fashion to take advantage of their competitors.
- b. Whenever possible, identify the equipment or material required with some name brand or known standard specification already on the market. All specifications that utilize a name brand must include the term "or equivalent."
- c. Specifications should promote competition. Specifications so drafted will normally allow

several bidders to provide the Town/School with alternatives and insure that the Town/School obtains the lowest possible price for the goods or services required.

- d. Flexibility in the specifications is desirable in instances where new technologies are being sought. Specifications should be specific enough to guarantee the quality required but sufficiently flexible to allow vendors to be creative in their proposals. If a proposal does not meet the Town's/School's needs, it can be rejected and the bid which closely follows the specifications accepted. These procedures should be used sparingly and Department Heads contemplating flexible specifications should contact the Purchasing Agent to discuss the format and degree of flexibility anticipated prior to the completion of the final draft.
- e. Specification should be reasonable in its tolerances. Unnecessary precision is expensive.
- f. Specifications should be written with clear, simple language, free of vague terms or those subject to variation in interpretation.

### 5.3 Types of Specifications

There are several ways of structuring specifications to protect the integrity of the purchasing process and to insure that the needs of the Town/School are met. Different methods of structuring specifications include:

- a. *Qualified Products or Acceptable Brands List.* These lists are developed only where it is not possible to write specifications adequate to identify the quality and performance required of the goods or services to be purchased. Acceptable brands lists are also used when tests necessary to determine compliance with technical specifications are lengthy, costly or require complicated technical equipment.
- b. *Specification by Brand or Trade Name.* Brand or trade names should be used where brand name products have been found to be superior to others for the purpose intended, or when their composition is secret, unknown or patented. The use of brand names establishes a quality standard but is not intended to limit or eliminate competition. Whenever this method of establishing specifications is used, the specifications should specifically provide for bidding of competitive or equal grades. It is incumbent on a vendor who bids on goods of supposed equal quality to those specified to document that the goods or services that he is bidding are, in fact, of equal quality.
- c. *Specification by Blueprint or Dimension Sheet.* Specifications of construction projects for everything from buildings and streets to custom built cabinets, furniture, machines or other equipment should be written to reference the blueprints or dimension sheets prepared by an engineer or architect. Such specifications provide an appropriate method of evaluating all bids, and later of verifying the quality of the construction work or the equipment or fixtures delivered.
- d. *Specifications by Chemical Analysis or Physical Properties.* Specifications which include the chemical analysis of physical properties of the goods requested clearly place responsibility on the supplier to provide exactly those items requested. Again, care must be taken in preparing specifications utilizing this method to insure that competition remains a part of the bidding process. If the specifications are drawn too narrowly and only one bidder is qualified to meet the technical specifications, the cost of obtaining these items may be higher than

necessary due to the lack of competition.

- e. *Specifications by Performance, Purpose or Use.* Specifications which include a set of performance criteria for the goods or services required will provide flexibility for vendors to design products or programs specifically aimed at meeting the purpose or performance standards the Town/School has established. Generally, specifications which center on performance standard generate a great deal of competition since they allow vendors to exercise some creativity in the types of services or goods included in their bids. Department Heads are cautioned to exercise care by including some specific technical specifications which will provide a floor or bottom line quality determination. The use of performance specifications without minimum standards could result in items being installed, paid for, and later determined not to meet Town/School expectations. It can then be very difficult to go back to a vendor and argue that the item bid did not meet the performance criteria established. At that point the determinations of satisfactory performance can become extremely subjective with the vendor insisting that his item is acceptable even though actual experience indicates otherwise.
- f. *Specifications by Identification with Industry Standards.* Specifications will often refer to industry-wide standards or to standards set by other public jurisdictions. Some examples of these would be Lumber Grading, standards set by the asphalt or concrete industries, or by referencing standard specifications of the Rhode Island Department of Transportation or other State or Federal Agency.
- g. *Specifications by Samples.* Whenever appropriate, a sample is always a good way to make your requirements perfectly clear. A good example would be printing bids for which artwork or an existing form would be attached. Whenever samples are utilized, Department Heads should provide an adequate supply so that originals can be sent with all bid invitations and some maintained in the file for vendors who request bidding documents.

## **SECTION VI REQUISITION & PURCHASE ORDER**

The Town/School Requisition must be completed and approved by the Department Head under the procedures established in this manual. In order to insure expeditious processing of purchase orders it is important that all forms are completed accurately by the department ordering the goods or services. Descriptions must be enough to identify the object being purchased. Catalogue numbers, stock numbers and other such identifying titles are important.

A purchase order is a contract between the Town/School and a vendor. The contract is not binding until it is accepted by the vendor. The issuance of purchase orders by unauthorized individuals will not be recognized by the Town/School and payment of these obligations will not be approved. Unauthorized purchases are classified as personal expenses.

Purchase orders are classified as either "original" or "confirming" based on whether or not the vendor has previously been notified of the Town's/School's intent to purchase goods or services from him. Confirming purchase orders are used to prevent double purchasing of the same item. It is critical that vendors list the purchase order number on all delivery slips and invoices. Failure to do so may result in a payment delay to the vendor.

Vendors are to send invoices to the Town of Westerly, Attn: Accounts Payable, 45 Broad Street Westerly Rhode Island, 02891 OR Westerly Public Schools, 23 Highland Avenue, Westerly, Rhode Island, 02891.

## SECTION VII DELIVERY & PERFORMANCE

A contract or purchase order that is complete in all respects and that is accepted by the parties concerned still must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions must clearly define the delivery and performance requirements of the services, supplies or equipment.

The importance of the delivery schedule should be emphasized to the vendor. Delivery requirements must be clearly written and fully understood by all contract participants. If several items are required by the contract, there may be a different delivery schedule for each item. The delivery schedule will normally be shown in calendar days from a specific date or transaction, such as receipt of order by the vendor. It is also important that you clearly show the place for delivery and the receiving time schedule at the delivery points. If there are liquidated damages for nondelivery or late delivery, call these terms to the attention of the vendor and stress their importance. All parties should know where the material will be accepted – f.o.b. origin or destination. In determining delivery locations, you should analyze each specific location in respect to product, cost, timeliness, and other relative factors.

### 7.1 Follow Up & Expediting

Follow-up normally applies to the monitoring of the delivery schedules to assure compliance. Expediting, in the purest sense, involves an attempt to improve or to reduce the contractually stipulated delivery time for various reasons, and the vendor is not legally obligated to comply. The primary objectives of the follow-up function are:

- a. To assure full compliance by the vendor; and
- b. To develop documentation for future evaluation of the vendor's performance.

The early detection of possible delivery delays will provide the Town/School with a greater opportunity for resolving the problem and for developing satisfactory alternatives. The initial follow-up action would be to reaffirm the delivery schedule and to establish proper liaison with the seller's representative.

If delivery problems do develop, there are certain techniques that may be used to help solve them:

- a. Contact the Purchasing Agent for assistance.
- b. Initiate phone calls, faxes, or letters.
- c. Visit the vendor. This might help solve the problem and will assist in verifying any reasons for the delay.

### 7.2 Delinquent Deliveries

When follow-up efforts have failed, and the deliveries have become delinquent, one of two actions must be taken:

- a. Authorize additional time for delivery; or



- b. Cancel and order from other sources.

In making the decision as to which of these actions should be taken, several factors must be considered:

- a. Needs and requirements of the Town/School;
- b. Agreements with the vendor;
- c. Availability of the items from other sources; and
- d. Time it would take for delivery if reordered from another source.

In all cases, the reasons for delinquent deliveries should be documented. This information may be needed in evaluating future bids submitted by that particular vendor.

### 7.3 Partial Deliveries

Some purchase orders may list several items. In this event it may be possible for the vendor to complete timely delivery on some of the items, which would be referred to as "partial deliveries" on the complete bid. If these items can be used separately, partial payments can and should be authorized. However, if the separate items are part of a system, then partial deliveries would be of little value to the Town/School. In this case, partial payments should not be authorized. It is the responsibility of the ordering department to advise the Finance Department of any approved partial payments.

### 7.4 Substitution

To meet the contractual delivery schedule, it may be appropriate in some situations to consider substitute items. The specifications should cover this eventuality and would govern the legality of the transaction. However, substitutions may be necessary, regardless of the specifications, if it is absolutely necessary for the Town/School to have the material by a specified date. Other reasons for substitution may be design changes, raw material shortages, and health and safety priorities.

Whenever substitutions are necessary, due to shortcomings of the vendor, it is the responsibility of the purchaser to seek and obtain an adjustment for lower prices on the substituted items. This action will serve to meet the legal requirements of the contract and to discourage future substitutions by the same vendor. In addition, this action will serve notice on the other bidders that no favoritism was shown and that compliance with specifications is expected from all vendors.

### 7.5 Nonperformance

Should the vendor fail to meet any requirement of the specifications, the vendor can be cited for nonperformance. The seriousness of nonperformance must be evaluated based on the circumstances surrounding each violation. However, there should always be some recourse to the Town/School when a vendor fails to perform in accordance with the terms and conditions. These recourses include:

- a. The Town/School may exercise its rights under a liquidated damages clause or under the terms of a performance bond.
- b. The Town/School may obtain the needed items from another source and charge the delinquent vendor the excess difference in cost. But obtaining the delinquent items from another source is not always an acceptable solution, since additional delivery time may be required. A revised delivery schedule with the vendor may be the best remedy.
- c. The Town/School may terminate the contract for default if it is in the best interest of the Town/School and provided that the items can be obtained under more favorable conditions from other sources.
- d.

## **SECTION VIII RECEIVING REPORTS & INSPECTION**

### 8.1 Receiving & Inspection

All user departments are responsible for receiving and inspecting all deliveries to determine that the goods delivered meet expectations as to quantity, quality and general conformance to the specifications on the purchase order. In order to continue favorable vendor relations user departments will process all paperwork notifying the Finance Department of receipt of goods within three working days. It is the responsibility of the user department to obtain delivery tickets, receiving slips or packing lists as proof of delivery and forward such documentation to Finance attached to the Receiving Report. The Receiving Report is the green copy (town) OR blue copy (school) of the purchase order with Received by information on the bottom left hand corner. All Receiving Reports should be matched up with the "Invoices to be Paid." On complete or completed orders the Department Head, or his/her duly authorized representative, will indicate the receiving date, that the purchase order has been completed, and place his/her signature on the receiving copy authorizing that the shipment has been received in satisfactory condition and therefore, approving payment to be made. Any variation in quantity shall be noted on this green/blue receiving copy of the purchase order. If the materials delivered are not in conformity with the specifications or for other reasons are not acceptable to the ordering department, they shall notify the Purchasing Agent and Accounts Payable person in writing of the reasons for withholding acceptance. The Department Head should also notify the vendor that his delivery has been rejected and order him to make a satisfactory replacement or a supplementary delivery.

### 8.2 Partial Receiving Report

A partial receiving report is a copy of the green/blue Receiving copy of the Purchase Order form which will inform Accounts Payable that part of the items listed on the purchase order have been received. The processing of this form will allow partial payments if so authorized by the Department Head.

The partial receiving report form contains spaces for the following information: the department making the report; the number of the purchase order on which the material was shipped.

One copy of this form will be prepared by the ordering department and forwarded to the Finance Department's Invoices to be Paid basket.

The original receiving copy of this purchase order will be held by the department until the order has been completely filled, at which time it will be forwarded to Accounts Payable.

Accounts Payable will check partial receiving reports against the vendor's invoice for the shipment. If the invoice is correct, it will be processed for payment.

## **SECTION IX INVOICES**

An invoice is the vendor's statement of his charges against the Town/School for materials or services rendered. Invoices are based on purchase orders and must contain substantially the same information.

The invoice will normally be mailed to the Finance Department. In some cases the invoices may be delivered with the goods at the receiving point. In such cases, the ordering department should attach the invoice to the front of the receiving report and forward it to the Finance Department's Invoices to be Paid basket.

Upon receipt of the invoice, Accounts Payable will cause it to be checked against the purchase order and the receiving report. After verification, Accounts Payable will check the invoice against the purchase order to insure that the terms areas specified, that discounts, if any, have been given, and that all calculations are correct. The invoice will then be paid within the agreed upon payment terms.

## **SECTION X DISPOSAL OF SURPLUS GOODS**

Goods become obsolete or they wear out. Occasionally it turns out they are over-stocked. Changing technology, accumulation of "waste," and fulfillment of the "useful" life of goods make the activity of handling surplus inevitable.

The Town/School is interested in full realization of the value of goods it purchases.

The Town/School policy is aimed at making sure all surpluses are disposed of to the economic advantage of the Town/School.

Competitive bidding on surplus, obsolete or usable goods is required. This may be achieved through sealed bids or an annual auction process. The disposal of all goods will be coordinated by the Purchasing Agent.

## APPENDIX A

# Code of Federal Regulations

## Title 2 - Grants and Agreements

Volume: 1

Date: 2014-01-01

Original Date: 2014-01-01

Title: Appendix II to Part 200 - Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

Context: Title 2 - Grants and Agreements. Subtitle A - Office of Management and Budget Guidance for Grants and Agreements. CHAPTER II - OFFICE OF MANAGEMENT AND BUDGET GUIDANCE. - Reserved. PART 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS.

Pt. 200, App. II

### Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(A) Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.

(B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.

(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b), in accordance with Executive Order 11246, “Equal Employment Opportunity” (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, “Amending Executive Order 11246 Relating to Equal Employment Opportunity,” and implementing regulations at 41 CFR part 60, “Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor.”

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work

and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR § 401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

(G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(H) Mandatory standards and policies relating to energy efficiency which are contained in the state energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. 6201).

(I) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the governmentwide Excluded Parties List System in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR Part 1986 Comp., p. 189) and 12689 (3 CFR Part 1989 Comp., p. 235), “Debarment and Suspension.” The Excluded Parties List System in SAM contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(J) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award of \$100,000 or more must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

(K) See § 200.322 Procurement of recovered materials.