



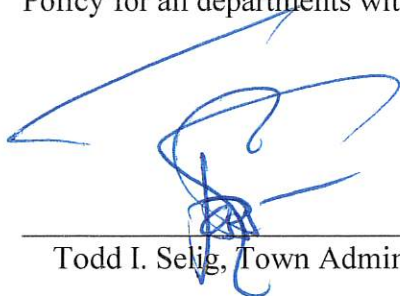
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PURCHASING POLICY TOWN OF DURHAM NH

This purchasing policy manual is intended to guide staff involved with purchasing for the Town of Durham. The intent of the Charter and Ordinances covering procurement in Durham is to provide the best possible value to the Town in an environment that is fair to all. This manual was designed to assist in that endeavor.

This policy also details the level of authorization needed for expenditures based on purchase price, the need for comparative pricing or competitive bidding based on purchase price, and the procedures for accomplishing both.

Based on the power vested in me by the Town of Durham's Charter, Section 5.13 and Article VI Sections 4-19 through 4-24 of the Administrative Code, I hereby enact this Policy for all departments within the Town of Durham.



Todd I. Selig, Town Administrator



Date

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SECTION 1

OBJECTIVES

The objective of this Purchasing Policy manual is to maintain a responsible purchasing program. In order for such a program to be successful, all persons involved in the purchasing process must be aware of the manual, its benefits, and its consequences. The purpose of this manual is to concisely formalize Durham's policy toward purchasing, to serve as a guideline in all purchasing activity and to standardize procurement procedures.

This Manual will address seven primary objectives.

- 1) To minimize or eliminate disruptions in operation resulting from the lack of materials, equipment, or supplies.
- 2) To procure goods that are of sufficient quality to reliably accomplish the operative function rather than those that rank highest in absolute quality.
- 3) To secure the desired quality of goods at the lowest possible cost, the term "cost" is not restricted to the initial expenditure but includes the ultimate or use expense associated with the consumption or application of a good or service.
- 4) To avoid duplication, waste, and obsolescence with respect to the procurement of goods and services.
- 5) To treat all prices and technical information submitted by suppliers as confidential to preserve a good business reputation and obtain competitive prices.
- 6) To provide adequate budgetary and fiscal control over all municipal expenditures.
- 7) To meet the requirements of the Town of Durham's Charter, Section 5.13 and Article VI Sections 4-19 through 4-24 of the Administrative Code.

SECTION 2

BUSINESS MANAGEMENT DEPARTMENT DUTIES

In order to implement the aforementioned purchasing policies of the Town the duties and functions of the Business Management Department are as follows.

- 1) To provide fiscal control to ensure that there are adequate funds available for purchases and to ensure that purchasing guidelines are followed.
- 2) To check and verify all requisitions to ensure that purchases are charged to the proper accounts.
- 3) To verify the availability of funds and the Department's budget status. The Business Management Department will inform Departments if adequate funds are not available for a given purchase.
- 4) To issue Purchase Orders within three workdays of approval of the requisition.
- 5) To issue checks to vendors and maintain all accounts payable records.
- 6) To maintain encumbrance and expenditure records.
- 7) To prescribe and maintain such forms as the Business Management Department shall find reasonable and necessary to implement and support the purchasing procedures contained within this manual.
- 8) To meet the requirements of the Town of Durham's Charter, Section 5.13 and Article VI Sections 4-19 through 4-24 of the Administrative Code.
- 9) Maintain mutual confidence and satisfaction between vendors and the Town.

SECTION 3

OPERATING DEPARTMENTS DUTIES

In order to implement the aforementioned purchasing policies of the Town the duties and functions of the department head of each operating department will be to:

- 1) Provide budgetary control for their department ensuring that adequate funds are available for purchases.
- 2) Approve purchases up to a department authorization limit of \$12,000.00.
- 3) Establish Departmental guidelines to ensure that the Town is availing itself of a fair price when purchasing required goods or services that cost up to \$12,000.00.
- 4) Ensure that the required procedures are followed for all purchases exceeding \$12,000.00 as outlined in Section 5 of this Policy. Department Heads and designees assume full responsibility for compliance with the policies established herein and for all purchases made in violation of said policies. Any employee who fails to comply with the purchasing policies and procedures will be subject to disciplinary action as provided for by the Town's Personnel Plan, Town Charter or other Administrative Regulations passed by the Town.
- 5) Consolidate the purchases of similar supplies and services used by the various departments within the Town in such a manner that maximum value will be obtained for the money expended.
- 6) Assure that preference will be given to local suppliers when price and quantity are equal to other bids.
- 7) Verify that all ordered goods are inspected to ensure that they were properly filled and that materials have been delivered in good condition.
- 8) Refrain from fragmenting large orders into multiple small orders as a means of avoiding the financial parameters established by this manual.
- 9) Assume full responsibility that all employees involved in the procurement process are familiarized with the policies and procedures of this manual.
- 10) Maintain mutual confidence and satisfaction between vendors and the Town.
- 11) Meet the requirements of the Town of Durham's Charter, Section 5.13 and Article VI Sections 4-19 through 4-24 of the Administrative Code.

SECTION 4

RELATIONS WITH VENDORS

It is the responsibility of the Business Management Department and Operating Departments to establish a relationship of mutual confidence and satisfaction between the Town and its suppliers.

- 1) The vendor shall be considered a supplier of goods and services as well as a source of expertise.
- 2) The Business Management Department shall be aware of all transactions that are conducted between the Town and its vendors through the bi-weekly bill payment process.
- 3) Failure of vendors to meet specified delivery dates or to supply satisfactory goods should be communicated directly to the Business Management Department.
- 4) The Business Manager will forward pertinent information obtained from catalogs, interviews, ads, etc. to the appropriate Operating Departments.
- 5) All employees of the Town shall keep themselves free of obligation by refusing to accept any gift, entertainment or gratuity offered by any of the Town's suppliers which could in any manner be construed to affect or influence the performance of their official duties in accordance with the Town Charter, Personnel Plan, Administrative Regulations and State or Federal Laws.
- 6) Employees of the Town shall not use the Town of Durham accounts to receive governmental pricing when purchasing goods, equipment, or services from Town of Durham vendors for personal use.
- 7) The Town of Durham does not wish to unwittingly engage in or encourage discrimination by awarding bids to contractors who discriminate. The Town shall encourage all vendors and contractors to offer equal benefits to their employees and will give preference and extra consideration to those who offer equal benefits.

SECTION 5

AUTHORIZATION LEVELS AND REQUIRED PROCEDURES

In order to fully implement the purchasing policies of the Town that will provide sufficient standardization and accountability as well as ensure a sufficient degree of operational flexibility to the Town's various departments, the following levels of authorization and procedures are hereby established.

Purchasing Guidelines
(Excluding Professional Services)

Amount of Total Purchase	Procedure
\$0.01 to \$12,000.00	<ul style="list-style-type: none">▪ Handled internally with Operating Department Guidelines
\$12,000.01 to \$30,000.00	<ul style="list-style-type: none">▪ Obtain 3 quotes for items, written or verbal▪ Complete and submit Purchase Requisition to Business Office for approval with adequate documentation showing quotes received▪ Any contracts must be awarded and signed by the Town Administrator or their designee
\$30,000.01 to \$65,000.00	Follow Formal Bidding Requirements as outlined in Section 6 to include the following: <ul style="list-style-type: none">▪ Prepare written uniform specifications▪ Advertise for Public bids▪ Obtain written Town Administrator approval▪ Any contracts must be awarded and signed by the Town Administrator or their designee▪ Complete and submit Purchase Requisition to Business Office for approval with outline of bids received and Town Administrator approval
\$65,000.01(+)	Follow Formal Bidding Requirements as outlined in Section 6 to include the following: <ul style="list-style-type: none">▪ Prepare written uniform specifications▪ Advertise for Public bids▪ Prepare Council Communication and obtain Town Administrator's recommendation, as well as award approval from the Town Council▪ Contracts may be signed only by the Town Administrator or their designee▪ Complete and submit Purchase Requisition to Business Office

Purchases made through existing State of New Hampshire or other State/Government Contracts, Strafford County or Oyster River School District contracts shall be deemed to meet the competitive pricing requirements of the preceding purchasing procedures. Nothing herein shall be construed to prevent joint bidding and contracting by the Town and other public jurisdictions, and in fact, such joint procurement programs are encouraged. Likewise, where reasonable and practical, joint purchasing among Departments is encouraged.

AWARD OF PROFESSIONAL SERVICES

Amount of Contract	Procedure
\$0.01 to \$12,000.00	<ul style="list-style-type: none"> ▪ Handled internally with Operating Department Guidelines
\$12,000.01 to \$35,000.00	<ul style="list-style-type: none"> ▪ Complete and submit Purchase Requisition to Business Office for approval ▪ Any contracts must be awarded and signed by the Town Administrator or their designee
\$35,000.01 (+)	<p>Follow Formal Bidding Requirements as outlined in Section 6 to include the following:</p> <ul style="list-style-type: none"> ▪ Obtain proposals and evaluate for anticipated quality of service to be rendered ▪ Prepare Council Communication and obtain Town Administrator’s recommendation, as well as award approval from the Town Council ▪ Complete and submit Purchase Requisition to Business Office ▪ Contracts may be signed only by the Town Administrator or their designee

SECTION 6

FORMAL BIDDING REQUIREMENTS FOR PURCHASES EXCEEDING \$30,000.00

Every Town purchase or contract of greater than thirty thousand (\$30,000.00) dollars in amount, with the exception of the valid exceptions noted in Section 7 of these Policies, shall be made only after the receipt of publicly invited sealed competitive bids on uniform specifications.

The Requesting Department is responsible for the following:

- Developing specifications which shall contain the following information:
 - Where the bidder can obtain bid documents;
 - Any costs of bid documents;
 - Bid submittal deadline to include date, time and location of bid opening;
 - Any special requirements, such as bid, performance or payment bonds, insurance and retainage required;
 - Statement that the Town reserves the right to reject any and all bids and to accept the bid deemed to be the lowest reliable and responsible bidder;
 - General conditions;
 - Minimum specifications;
 - Bid proposal form;
 - Delivery date or project completion date, including any fees to be charged to bidder if project is not completed on time, if applicable;
 - Town retainage requirements, if applicable;
 - Town insurance requirements (Section 10 of Purchasing Policies & Procedures);
 - Any requirements for performance bond or approved letter of credit;
 - Period of bid validity.

- Specifications should be developed with attention to the following guidelines:
 - Should be concise, free of ambiguities and provide a sound basis for competitive bidding;
 - Should not require features or quality levels unnecessary to the function or required operation;
 - Performance specifications are preferable as they promote innovation and cost reduction;
 - Whenever possible, several acceptable brand names should be considered when preparing specifications.

- Except as noted in Section 7 of these Policies, bid documents shall be mailed to all qualified vendors on the bidders list or the Department shall request vendors to pick up the bid documents at the department's location. A bidders list should be established and maintained by the requesting department in an effort to promote competitive bidding from qualified vendors and to establish a source of suppliers.

- Post the invitation to bid on the bulletin board of Town Hall and on the Town's website.
- Publish the invitation to bid in a local newspaper of general circulation (online advertising is acceptable).
- If changes to specifications are required after the bids have been advertised and mailed, such changes shall be accomplished through the use of an addendum which will be mailed to all bidders on the original bidders list, as well as any additional bidders who have received documents and shall be posted on the Town's website.
- Receive the sealed bids prior to the designated bid opening date and time and record arrival date and time of each bid. Any bids received following the specified date and time will be returned to the bidder unopened.
- Unless otherwise noted, hold a public bid opening on the date and time specified. All bid documents become public information upon completion of the bid opening.
- Tabulate all bids received and evaluate the bid results for conformance to the Bid Documents. Factors to be considered in evaluating the bids include:
 - The bidder's ability, capacity and skills to perform within the specified time limits;
 - Bidder's experience, reputation, efficiency, judgment, and integrity;
 - Quality, availability and adaptability of the supplies or materials bid;
 - Bidder's past performance;
 - Sufficiency of bidders financial resources to fulfill the contract;
 - Bidder's ability to provide future maintenance and/or service;
 - Other applicable factors the Town determines necessary or appropriate (such as compatibility with existing equipment or hardware).
- If the cost is between \$30,000.01 and \$65,000.00 prepare a brief synopsis, along with a copy of the tabulated bid results and present it to the Town Administrator for approval. Prepare a Purchase Requisition, attaching a copy of the tabulated bid results and the Town Administrator's approval and submit everything to the Business Department. If the recommended vendor is not the low bidder, provide justification for award to the higher bidder. Any contracts are to be signed by the Town Administrator or their designee.
- If the cost is over \$65,000.00 prepare a Council Communication and submit it to the Business Office, who in turn will submit it to the Town Administrator for presentation to the Town Council for approval. Following Council approval prepare a Purchase Requisition, attach a copy of tabulated bids and date of Council approval, and submit to the Business Department.

- Upon receipt of an approved purchase order from the Business Department, notify all bidders of the results.
- Ensure any bonds, insurance and contracts have been received from the successful vendor and delivered to the Business Management Department.
- Obtain Town Administrator signature on all contracts over \$12,000. Attach a copy of the approved contract to the Purchase Order request.
- Maintain a separate file for each project to include all documents related to the bid process and goods or services received.

For Professional Services Contracts (architecture, engineering, construction management, risk management, financial and auditing and other professional services or consulting work) the above procedure is to be followed with the following exceptions:

- Proposals only are to be received from interested firms and evaluated for the anticipated quality of service to be rendered. Following selection of a qualified firm, negotiations for contract price shall commence.
- If cost is over \$35,000.00 prepare a Council Communication and submit it to the Town Administrator for their review and recommendation to the Town Council.

The Business Management Department shall be responsible for the following:

- Upon receipt of Purchase Requisition, verify the availability of funds and that purchases are charged to the proper accounts.
- Within three workdays of receipt of approved Purchase Requisition, issue Purchase Order, mailing original to vendor and sending one copy to the Requesting Department.

SECTION 7

EXCEPTIONS, WAIVERS, STANDARDIZATION AND EMERGENCIES

EXCEPTIONS

The following are valid exceptions not subject to bidding requirements:

- Utility purchases
- Telephone Services
- Legal services
- Medical, health and social services for Town employees
- Purchase of insurance
- Financing of TANs, bonds, leases, or other similar financing mechanisms
- Maintenance contracts with manufacturers of equipment purchased or with suppliers of data processing software
- Contracts with non-profit organizations for the provision of health, welfare, social or recreational services for the Town and/or to the general public
- Contracts with governmental agencies for the provision of governmental services
- Professional services or work on structures listed or eligible to be listed on the National or State Historic register required or intended to meet US Secretary of the Interior's Standards for the Treatments of Historic Properties
- Any other purchases deemed exempt by the Town Administrator

DEFAULT

Sealed, publicly invited competitive bids will not be required for purchases in any situation where a contractor or supplier has defaulted upon their obligations to the Town and there is present a security guaranteeing to the Town the performance of said obligation at no additional cost to the Town, over and above the original obligation. In such a case, the Town Administrator, with the approval of the Town Council, may renegotiate and award the contract to whomsoever they see fit providing that said renegotiation and award does not exceed the amount contracted for in the original obligation.

WAIVERS & STANDARDIZATION

With a two-thirds vote, the Town Council, on recommendation from the Town Administrator, may waive any of the purchasing requirements in cases where it is deemed inadvisable to solicit bids because of a single source of supply or because of the need of standardization of the materials, supplies, equipment, or services or for other stated reasons which the Town Council deems to be in the interest of the Town.

Where it is deemed appropriate to standardize the procurement of materials, supplies, equipment or services, the Town Council shall so indicate by Resolution. The Town Business office shall maintain an up-to-date listing of such standardized items or services. The procurement of such standardized items or services will be exempt from the

foregoing bidding requirements. Nevertheless, Town Departments will, when reasonably possible, attempt to obtain competitive quotes from different suppliers, if any, for the standardized item or service.

EMERGENCIES

In case of an accident or emergency, the Town Administrator may award contracts and make purchases for the purpose of repairing damages caused by the accident or meeting the public emergency without meeting the purchasing requirements of this Purchasing Policy and Procedure Manual. In such cases the Town Administrator shall promptly file with the Town Council a report, which certifies the emergency nature of the incident and itemizes the purchases and their costs.

SECTION 8

TRAVEL EXPENSES GUIDELINES

When an employee is required to travel on Town business, the Town will pay certain allowable expenses:

- The current IRS guidelines for mileage when the employee's own vehicle is used.
- Travel expenses (coach fare) by rail, bus or air including taxi/shuttle services to and from terminals.
- Transportation at destination as needed to travel for Town business. The Department Head may authorize expenses for subway, taxi or a rental vehicle based on need.
- When an employee will be traveling for more than one day and an overnight stay is approved in a hotel/motel, the employee shall be afforded the opportunity to use a Town credit card to minimize out of pocket expenses.
- Lodging at a moderately priced hotel/motel when an overnight stay is approved by the Department Head.
- Reasonable tips for chambermaid service.
- Reasonable meal expenses will be allowed for all travel involving overnight stays with certain limitations.
 - Alcoholic beverages are not allowable charges with meals or otherwise and if charged to the Town's credit card must be promptly reimbursed by the employee.
- In all cases, itemized receipts must be submitted to the Business Office (through appropriate Departmental channels) promptly upon return. Employees will be responsible to reimburse the Town for credit card charges in all cases where receipts are not submitted.
- In circumstances where an employee must use their own money for an authorized expenditure, such as cab fare when the cab does not accept credit cards, the expense will be reimbursed upon submission of an itemized cash receipt.
- In cases where receipts are not obtainable, such as chambermaid tips or parking fees, the Department Head may authorize reimbursement of allowable expenses upon submission of a detailed description of the expenses incurred.

SECTION 9

OVERBUDGET AND UNBUDGETED EXPENDITURES

OVERBUDGET EXPENDITURES are defined as expenditures which have exceeded the amount budgeted in an account number.

UNBUDGETED EXPENDITURES are defined as expenditures for which no funds have been budgeted.

Department Heads shall be responsible for ensuring that expenditures are within total funds allocated for their respective department.

TRANSFERS - After the budget has been adopted, no money shall be drawn from the treasury of the Town nor shall any obligation for the expenditure of money be incurred except pursuant to a budget appropriation unless there shall be a specific additional appropriation. The head of any department, with the approval of the Administrator, may transfer any unspent balance or any portion thereof from one fund or agency within their department to another fund or agency within their department. The Administrator, with the approval of the Council, may transfer any unspent balance or any portion thereof from one department to another.

SECTION 10

INSURANCE AND BOND REQUIREMENTS

The following are the minimum insurance requirements required by the Town of Durham unless specifically waived by the Town Administrator. Any insurance policy provided for projects shall name the Town of Durham as Additional Insured.

1) Workmen’s Compensation

Part One: Workers Compensation	Statutory
Part Two: Employers Liability	
Bodily Injury by Accident	\$100,000 each accident
Bodily Injury by Disease	\$300,000 policy limit
Bodily Injury by Disease	\$100,000 each employee

2) General Liability \$1,000,000 per occurrence
 \$2,000,000 policy aggregate

3) Auto Liability CSL

CSL (liability and property damage)	\$1,000,000 per accident
Uninsured Motorists	\$1,000,000 per accident

4) Professional Liability (if applicable) \$1,000,000 per claim

Performance and Payment Bonds for the total project cost may be required depending upon the type of project. A letter of credit may be substituted for the performance bond requirement upon approval by the requesting Department Head and the Town Administrator.

Definitions:

Certificate of Insurance is a document that gives evidence of the insured’s financial ability (via an insurance policy) to respond to a claim. Under most circumstances, no coverage benefits are afforded to the certificate holder; the certificate merely confirms that the subject company carries insurance.

Commercial General Liability Insurance provides protection against bodily injury and property damage claims. It limits all loss payments to two aggregate limits, one for products and completed operations and one for all other losses. General Liability policies exclude professional exposures such as design errors.

Professional Liability Insurance provides limited protection against claims for damages arising out of the insured’s negligence, acts, mistakes or failure to take appropriate action

in the performance of business or professional duties. Examples of such claims include design errors of architects or engineers resulting in property damage.

Property Damage Liability Insurance covers the insured's legal liability for damage to others' property.

Property Insurance protects against financial loss resulting from destruction of property by insured perils such as fire.

Surety is a three party contract wherein a person or entity agrees to be responsible for the contractual obligations of another should those obligations not be met. Basic surety bonds related to public works contracts include:

- Bid Bond - a guarantee by the surety that the bidder for a public works contract will undertake the job at the quoted price.
- Performance Bond - a guarantee that if the bonded contractor fails to complete the bonded job as quoted, the surety will assume the contractor's financial responsibility to have the work completed.
- Payment Bond - a guarantee that the contractor will pay all the bills incurred on the work, as provided in the lien laws (subcontractors, suppliers, laborers).
- Subdivision or Completion Bond - a guarantee that if a developer or contractor fails to complete improvements in a contract, the Obligee will assume the responsibility.

Workers' Compensation provides statutory protection against bodily injury, sickness or disease sustained by employee of the other party in the scope of their employment. Employers Liability Coverage is included in standard Workers' Compensation policies. It covers common law claims of injured employees made in lieu of or in addition to a workers' compensation claim.

SECTION 11
CHANGE ORDERS

Contract change orders are authorized to be made where necessary by the Town Administrator but shall not exceed ten (10%) percent of the amount of the original contract unless specific Town Council approval is obtained.

Subsequent payment requests shall show the change order and the amount thereof as an increase or decrease to the basic contract.

SECTION 12

DISPOSAL OF SURPLUS PROPERTY

Surplus property is defined as materials and equipment which are no longer necessary to Town operations, obsolete and/or excessively expensive to maintain.

The Town Administrator may authorize the sale of materials and equipment which they determine to be surplus to the needs of the Town where a single item or lot does not exceed eighteen thousand (\$18,000.00) dollars in book value.

In cases where such item or lot exceeds eighteen thousand (\$18,000.00) dollars in book value, the Town Council shall approve the sale of such materials.

All such surplus materials shall be disposed of by public auction, online marketplaces, or competitive quotations.

SECTION 13

USE OF FEDERAL FUNDS

The Town of Durham falls under the category of a “non-Federal entity when in receipt of federal funds and the following criteria must be adhered to in accordance with the Code of Federal Regulations, Parts 180 and 200.

Audit required. A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of this part.

- a. ***Single audit.*** A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with § 200.514 except when it elects to have a program-specific audit conducted in accordance with paragraph (b) of this section.
- b. ***Program-specific audit election.*** When an auditee expends Federal awards under only one Federal program (excluding R&D) and the Federal program's statutes, regulations, or the terms and conditions of the Federal award do not require a financial statement audit of the auditee, the auditee may elect to have a program-specific audit conducted in accordance with § 200.507. A program-specific audit may not be elected for R&D unless all of the Federal awards expended were received from the same Federal agency, or the same Federal agency and the same pass-through entity, and that Federal agency, or pass-through entity in the case of a subrecipient, approves in advance a program-specific audit.
- c. ***Exemption when Federal awards expended are less than \$750,000.*** A non-Federal entity that expends less than \$750,000 during the non-Federal entity's fiscal year in Federal awards is exempt from Federal audit requirements for that year, except as noted in § 200.503, but records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity, and Government Accountability Office (GAO).

The non-Federal entity must:

- a. Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- b. Comply with the U.S. Constitution, Federal statutes, regulations, and the terms and conditions of the Federal awards.

- c. Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- d. Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- e. Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, State, local, and tribal laws regarding privacy and responsibility over confidentiality.

Verification of Contractor Eligibility. In accordance with 2 CFR 180.300, recipients of federal funds are required to ensure that contractors, subcontractors, or vendors are not suspended or debarred from participating in federal programs before awarding any contract or procurement that exceeds \$25,000.

This verification can be obtained in one of the following ways:

- Checking SAM.gov Exclusions
- Collecting a certification from the individual/business
- Adding a clause or condition to the covered transaction via the contract