

Procurement

Purchasing Policy & Procedures Manual

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

Approved By: Town Council

PROCUREMENT PROCEDURES

TABLE OF CONTENTS

- I. Introduction
 - 1.1 Procurement Authority
 - 1.2 Delegated Procurement Authority
 - 1.3 Prevailing Policy
 - 1.4 Basic Goals of Purchasing
 - 1.5 Local Buying
 - 1.6 Planning

- II. Authority to Sign Contracts and Change Orders

- III. Purchasing Procedures
 - 3.1 Methods of Procurement
 - 3.1.1 Purchasing Under \$5,000 In Value
 - 3.1.2. Purchasing Equal to \$5,000, But Less Than \$50,000
 - 3.1.3. Purchasing Equal to \$50,000 And Over
 - 3.2 Purchase Requisition Form
 - 3.3 Purchase Orders
 - 3.3.1 Purchase Order Process
 - 3.4 Change Orders

- IV. Competitive Bidding
 - 4.1. Formal Sealed Bids
 - 4.2. Specifications

- V. Competitive Negotiation
 - 5.1 Professional Services
 - 5.2 Nonprofessional Services

- VI. Purchasing Not Requiring Competitive Pricing
 - 6.1 Purchase of Used Equipment
 - 6.2 Vehicle and Equipment Repair

- VII. Special Procurement Procedures
 - 7.1 Emergency Purchases
 - 7.1.1 Emergency Purchase Procedures
 - 7.2 Sole Source Purchases
 - 7.3 Petty Cash Expenditures

- VIII. Alternative Sources of Procurement

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

Approved By: Town Council

PROCUREMENT PROCEDURES

8.1 Virginia State Contracts

8.2 Local and National Public Agency Contracts

IX. Public Inspection of Records

X. Fragmenting Orders

XI. Vendor Relations

XII. Vendor Payment

XIII. Expediting

XIV. Surplus Property

XV. Revisions

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

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PROCUREMENT PROCEDURES

I. Introduction

This purchasing policy and procedures manual is intended for use as a general guide to the Town of Bedford's procurement methods and practices. The understanding and cooperation of all employees is essential if the Town is to obtain the maximum value for each tax and utility dollar spent.

If the procedures and guidelines established in this manual are followed, each department can efficiently manage, control and plan its' available resources to meet present and future department needs. If you have any questions which are not answered by this manual or need further clarification, please call the Finance Division's Procurement Personnel at (540) 587-6042.

1.1 Procurement Authority

The Town Manager or his designee shall serve as the principal public purchasing official for the Town and shall be responsible for the procurement of goods, services, insurance, and construction in accordance with the Town of Bedford Procurement Ordinance.

1.2 Delegated Procurement Authority

The purchasing official has delegated to all department heads and responsible administrative staff the authority to make purchases within the guidelines of this policy.

1.3 Prevailing Policy

The Town Procurement Policy and the Virginia Public Procurement Act shall prevail should there be a conflict between their requirements and the policies and procedures set forth in this manual.

1.4 Basic Goals of Procurement

The basic goals for competitive procurement are establish in § 2.2.4300 B & C of the Virginia Public Procurement Act:

- Obtain high quality goods and services at reasonable cost
- Procurement procedures are to be conducted in a fair and impartial manner with avoidance of any impropriety or appearance of impropriety
- All qualified vendors have access to public business and that no offeror is arbitrarily or capriciously excluded

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

Approved By: Town Council

PROCUREMENT PROCEDURES

- Completion is to be sought to the maximum feasible degree
- Procurement procedures involve openness and administrative efficiency
- Rules governing contract award are to be made clear in advance of the competition
- Procurement specification should reflect the need of the purchasing body rather than being drawn to favor a particular vendor
- Purchaser and vendor freely exchange information concerning what is sought to be procured and what is offered.

1.5 Local Buying

It is the desire of the Town to purchase from vendors located within the Town of Bedford whenever possible. This can be accomplished by insuring that local vendors who have goods or services available which are needed by the Town are included in the competitive purchasing process. The Town has a responsibility to its residents to insure that maximum value is obtained for each public dollar spent; however, the Town cannot and will not make purchasing decisions solely on the basis of vendor residence. Rather, the Town will endeavor to encourage local vendors and suppliers to compete for all Town business.

1.6 Planning

Planning for purchases should be done on a short-term and long-term basis, thereby minimizing small orders and last minute purchases. Planning will also reduce the number of trips required to obtain materials and minimize clerical and supervisory time spent on documenting purchases.

II. AUTHORITY TO SIGN CONTRACTS AND CHANGE ORDERS

The Town Manager's signature, or his designee, is required on all contracts and change orders.

III. PURCHASING PROCEDURES

This section covers the purchase of supplies, materials, equipment and/or services costing \$5,000.00 and over. All other purchases for less than \$5,000.00 require no documentation, but departments are urged to be as cost conscience as possible and try to always obtain the best price for items purchased, without sacrificing value.

3.1 Methods of Procurement

The three standard methods of procurement used are:

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

Approved By: Town Council

PROCUREMENT PROCEDURES

3.1.1 Purchases under \$5,000.00 in value - should be done solely by the Department Head, or designee. This amount applies to the total of all items purchased on an invoice. No competition or documentation required.

3.1.2 Purchases equal to \$5,000.00, but less than \$50,000.00 - Purchases in this group are normally completed by the Department Head, or designee with the assistance of the Buyer, if required.

For purchases of this type, a description of the item/service to be purchased shall be faxed or e-mailed to at least three (3) possible vendors. The vendors must be provided an adequate response time to return the quotation.

A purchase requisition must be completed including the information on the selected vendor and the item/service to be purchased.

All quotes shall be submitted to the Finance Division/Buyer in order to process the required requisition and purchase order.

3.1.3 Purchases equal to \$50,000.00 and over - Purchases in the group are normally completed by the Finance Division/Buyer with assistance from the Department Heads or designee.

Purchases of this type shall be accomplished by the use of formal sealed bids/proposals.

Detailed specifications (either complete or in draft form) shall be submitted to the Finance Division/Buyer. Any special terms and conditions should also be included.

The Finance Division/Buyer shall complete the bid process: add general terms and conditions, advertise in the local newspaper(s), prepare and mail the bid packages, receive bids, open bids, and forward the bidding schedule and packages to the appropriate department.

The Department Head, or designated individual, shall thoroughly review all bids/proposals in order to make the bid award to the best responsive and responsible bidder.

3.2 Purchase Requisition

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

Approved By: Town Council

PROCUREMENT PROCEDURES

A requisition with the required approvals must be submitted to the Finance Dept./Buyer which shall initiate the purchase order process. The Department Head or designee must approve all requests within the department.

A requisition is required for all purchases of \$5,000.00 and over. Should the Finance Dept./Buyer have questions concerning the request, the Department Head or designee shall be contacted for clarification.

To avoid encumbering a large amount of funds for goods/services that are purchased on a regular basis throughout the year, purchase order maintenance shall be requested for the additional amount that is required. If the exact amount of the purchase is not known, an estimated amount should be used. This requirement includes all good and services normally purchased directly from a contract, such as professional services, trash collection, gasoline, landfill services, stone, etc.

3.3 Purchase Orders

To be valid, a Town purchase order must be completed and signed by the Director of Finance or an authorized designee. Purchase orders will not be issued without a properly executed requisition.

The purchase order has three copies to be distributed as follows:

- Original copy – forwarded to the vendor as a mutual contract to provide the requested goods/services.
- Department copy – maintained by the using department. Attached to the invoice when submitted to accounts payable for payment.
- Finance copy – maintained within the Finance Division. Attached to the documentation provided by the using department and filed.

3.3.1 The Purchase Order Process:

Once accepted by the vendor, a purchase order is a binding contract between the Town and the vendor. The issuance of purchase orders by unauthorized Town employees or officials will not be recognized by the Town and payment of the obligation will not be approved.

Purchasing supplies, materials, or equipment that are over the \$5,000.00 limit without a purchase order is considered an unauthorized purchase, except in emergency situations as outlined in this manual Section 7.1.1.

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

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PROCUREMENT PROCEDURES

It shall be the responsible of the using department to return all unauthorized purchases to the vendor.

3.4 Change Orders

In order to change, modify, or cancel an existing purchase order or contract, the department must initiate a change order. All pertinent information needed to make changes should be detailed. The change order shall be forwarded to the Town Manager for review, approval, and signature. Revisions to the original purchase order shall be made.

Change orders may not be issued for more than twenty-five percent (25%) of the amount of the contract or \$25,000, whichever is greater.

III. Competitive Bidding

4.1 Formal Sealed Bids - \$50,000 and Greater

Competitive sealed bidding is the preferred method for acquiring goods and nonprofessional services for public use when the estimated cost is \$50,000 or greater.

4.2 Specifications

When goods are procured under the formal bidding process, specifications must be prepared. All specifications should meet the following requirements:

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

Specifications must be clear and capable of describing the goods or services to be procured so that bids can be evaluated against the description and an award made to the lowest responsive/responsible bidder.

Specifications utilizing a name brand must include the term "or approved equal" to avoid being restrictive and eliminating fair competition from the bidding process.

The using department shall prepare the bid specifications either in draft or final form and submit them to the Finance Division/Buyer. The Finance Division/Buyer shall ensure that the Town of Bedford procurement policies are satisfied; including, but not limited to, attaching the general terms and conditions, advertising in the local newspaper, and receiving of sealed bids.

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

Approved By: Town Council

PROCUREMENT PROCEDURES

Once bids are received, the Buyer, with the Department Head or designee, shall review all bids for responsiveness and to determine the bid deemed in the best interest of the Town. The final award shall be made by the Department Head or designee.

V. Competitive Negotiations

1.1 Professional Services – The Virginia Public Procurement Act requires the use of competitive negotiation for the procurement of all professional services. Professional services is defined as work performed by an independent contractor within the scope of the practice of accounting, actuarial services, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, pharmacy, and professional engineering. Services of this type are normally procured by obtaining request for proposals.

1.2 Nonprofessional Services – Competitive negotiation may also be the procurement method used for goods and nonprofessional services when it is not practicable or fiscally advantageous to use competitive sealed bidding.

When services or goods are procured by use of a request for proposal, mandatory requirements should be kept to a minimum. The following should be included in the proposal:

- Describe in general terms what is to be procured.
- Specify and list specific requirements to be addressed that will be used in evaluating the proposals.
- List all applicable contractual terms and conditions, including any unique capabilities or qualifications required.

The using department shall prepare the proposed scope of services and submit to the Finance Division/Buyer. The Finance Division/Buyer shall ensure that the Town's policies are satisfied, which includes, but is not limited to, attaching the general terms and conditions, advertising in the local newspaper, and receiving of the sealed proposals.

Once proposals are received, they shall be evaluated by the Department Head or designee to determine those fully qualified and best suited. The final award shall be made by the Department Head or designee.

Once a contract for a professional/nonprofessional service is established, a purchase requisition form shall be submitted to the Finance Division/Buyer to satisfy the procurement requirements.

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

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PROCUREMENT PROCEDURES

VI. Purchases Not Requiring Competitive Pricing:

6.1 Purchase of Used Equipment

Purchases of used equipment (that which has been previously owned and used and is offered for sale under “where is, as is” conditions) may be negotiated. Once the determination is made that there is only one source practicably available for the used equipment to be purchased, a contract may be negotiated and awarded to that source without competitive sealed bidding or competitive negotiation.

Complete information in writing describing the item must be provided to the purchasing office along with the price being offered by the seller. Used equipment purchases over the amount of \$5,000 must be approved by Town Council.

A written statement must be included with the purchase order request form verifying the condition of the equipment, its future usefulness, and that its purchase would be in the best interest of the Town.

6.2 Vehicle and Equipment Repair

When obtaining quotes is not feasible for vehicle or equipment repairs, a written estimate showing separate labor, material(s), and towing costs (if applicable) shall be submitted to the Finance Division/Buyer with a completed purchase order requisition.

VII. Special Procurement Procedures

7.1 Emergency Purchases - In case of emergencies, the Department Head or designee may purchase directly from any vendor supplies or services where immediate procurement is essential to prevent delays in work which may affect the life, health, safety or convenience of the Town of Bedford employees or citizens.

After determining that a true emergency does exist, the department shall exercise good judgment and use established vendors when making emergency purchases. The department must always obtain the best possible price, and limit purchases to those items which are related to an emergency. Not anticipating needs does not constitute an emergency situation. Needs should be anticipated in order to avoid emergency purchases whenever possible.

7.1.1 Emergency Purchase Procedures

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

Approved By: Town Council

PROCUREMENT PROCEDURES

During working hours, the following procedures shall be used for emergency purchases:

Submit a purchase order request to the Finance Division/Buyer with all pertinent information. Information submitted should include documentation showing why the purchase is an emergency. After verifying the available funds, a purchase order will be originated and forwarded to the user department. Should the purchase over-encumber the account balance, a Request for Transfer of Funds form shall be completed as soon as possible.

After working hours, the following procedure shall be used for emergency purchases:

As soon as practicable, after directing the contractor/vendor to proceed, the procedures outlined above shall be followed.

Emergency purchases, although at times are necessary, are costly both in time and money. The use of emergency procedures should be limited and will be monitored for abuse.

7.2 Sole Source Purchases - In the event there is only one vendor capable of providing a particular good or service, the competitive pricing procedures outlined in this manual may be waived. Whenever a Department Head or designee determines to purchase goods or services from a "sole source", documentation shall be provided showing why only one company or individual is capable of providing the goods or services required. The documentation shall be attached to a purchase requisition form and submitted to the Finance Division/Buyer for processing.

7.3 Petty Cash Expenditures - The petty cash fund shall be used for expenditures costing \$75 or less. Employees wishing to purchase items and be reimbursed with petty cash should obtain a petty cash form from the Treasurer's office. The form shall be signed by the Director of Finance or her/his designee and returned to the Treasurer's office with the receipt for the purchase attached.

VIII. Alternative Sources of Procurement

8.1 Virginia State Contracts – Departments may utilize state contracts whenever possible for procurement of capital and non-capital items. The use of state contracts expedites the purchase of goods, offers pricing generally lower than quotes by formal and informal bids, and satisfies the requirements of the Town's procurement policy.

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

Approval Date: June 13, 2017

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PROCUREMENT PROCEDURES

A list of items available on state contract is located on the eVA web site located at "[State Contacts](#)" or by contacting the Finance Division/Buyer.

8.2 Local and National Public Agency Contracts – All public agencies that specially include within their bid documents the cooperative phrase which allows any resulting contract to be utilized by other public bodies and municipalities.

IX. Public Inspection of Records

All proceedings, records, contracts and other public records relating to procurement transactions shall be open to inspection by any citizen, or any interested person, firm or corporation, in accordance with the Virginia Freedom of Information Act (FOIA).

Data or other materials that are identified as proprietary by the bidder or offeror shall not be subject to public disclosure under FOIA.

X. Fragmenting Orders

The placement of multiple orders within other than a reasonable time period to one or more vendors for the same, like, or related goods or service to avoid using the appropriate method of procurement is prohibited.

XI. Vendor Relations

Departments do not have the authorization to commit in writing, or verbally, future Town business to vendors. If a department wishes to add a specific vendor or contractor to the bid list, the Town's Buyer should be notified.

The Buyer shall maintain a vendor file for recording vendor performance. Should a department experience difficulties or have a complaint with a particular vendor; your concerns should be documented and forwarded to the Buyer. Documentation should be as specific as possible, detailing the circumstances, dates, personnel involved, and phone numbers. This information will be helpful in determining if the vendor shall remain on the vendor list.

XII. Vendor Payment

Invoice processing shall be performed in accordance with the guidelines set forth by the Finance Division.

To aid in maintaining good vendor relationships, it is important that invoices be submitted for payment promptly.

TOWN OF BEDFORD
OPERATING POLICY MANUAL

Chapter: Finance

Issue (Effective) Date: July 1, 2017

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PROCUREMENT PROCEDURES

XIII. Expediting

Satisfactory delivery must be made to complete the procurement function. Follow-up or expediting delivery of an order is part of the purchasing process and can be more efficiently handled by the purchasing party.

The Finance Division/Buyer shall on a quarterly basis review outstanding purchase order to determine if follow-up is necessary.

XIV. Surplus Property

The transfer of surplus property from one department to other within the Town is encouraged.

Property that is no longer useful to a department or to the Town shall be disposed of by one of the following methods:

- Public sale/auction – The preferred method of sale of surplus property to the general public is by auction. Auctions are scheduled by the Director of Public Services and the Town Buyer.
- Sale to other political subdivisions – Prior to an auction, the Town may offer the surplus item(s) to other political subdivisions within the Commonwealth of Virginia at the item(s) fair market value.
- Sale by competitive bid – Property may also be sold by competitive bid. A list of available items shall be mailed to all interested bidders.
- Negotiated sale – This method is used only when the property does not sale by public auction or sealed bid.

XVI. Revisions

This policy was approved and adopted by the Town Council on June 13, 2017.

Revisions

Original-June, 2017