

Town of Salem, New Hampshire

PROCUREMENT POLICIES

AND

PROCEDURES



Last Modified December 5, 2016

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TOWN OF SALEM, NEW HAMPSHIRE PURCHASING POLICIES AND PROCEDURES

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TOWN OF SALEM, NEW HAMPSHIRE PURCHASING POLICIES AND PROCEDURES

Mission Statement

The Purchasing Department of the Town of Salem, NH is responsible for the procurement of all goods and services required by all departments of the town. The Purchasing Department strives to receive the maximum value for the taxpayers' dollar, to encourage competition, to discourage partiality, to enhance the conservation of funds, and to maintain ethical, fair and open operations while accommodating the quality and quantity of all the town's departmental needs in a timely fashion.

Our mission is to provide advisory and consultative services in the areas of product studies, product evaluations, and negotiations of purchasing contracts, bulk purchases, user/vendor mediation and training. We remain cognizant of the benefits to be gained by providing a purchasing system that is dynamic, responsive, and efficient.

The Town of Salem, NH provides adequate safeguards to ensure that all interests of the town are served by purchasing goods and services that are reasonably priced without sacrificing quality. There are formal bidding procedures in place supported by our outside auditing firm. The formal bidding procedures are closely monitored to ensure all purchasing transactions are properly performed. The Purchasing Department reports directly to the Finance Director. The Purchasing Department operates in conjunction with the Finance Department.

The Town Manager

The Town Manager has the authority over the "purchase of all supplies for the town" (RSA 37:6, VII (c)) and can establish policies governing purchasing by anyone under his/her direction. The Town Manager or his/her designee (Finance Director) has final authority on the commitment of appropriated funds. Any unauthorized individual committing town funds does so at his or her own financial risk.

The Purchasing Agent is responsible for all purchasing functions within the Town of Salem, NH. The Town Manager has the ultimate decision to waive any formalities in the bidding process; grant exceptions based on appropriate back-up supplied and approve sole source purchases. In the event that the Town Manager waives any formalities in the bidding process he or she must document this in writing and provide a copy to the Purchasing Agent to be filed with the award letter. It is our intent to promote the practice of requesting competitive quotations in order to keep costs at a minimum and give interested vendors an equal opportunity to supply goods and services to the town. The Town Manager has the right to oversee this process and make any changes that he or she deems appropriate.

Centralized Purchasing

The centralized purchasing function has many advantages. It assures uniformity in purchasing policies and procedures and the interpretation thereof. It enables grouping of requirements for large volume discounts, formalization of contracts, continuity of supply, extensive vendor/information base, standardization of products and an overall maximization of each dollar spent. Centralized purchasing gives us the ability to view the entire picture. It insures that our purchases reflect current

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economic/social conditions and trends.

PROCUREMENT POLICY/PROCEDURE -I

Objective

The prime objective of the Purchasing Department is to supply all departments within the Town of Salem, NH with a steady flow of goods and services to meet all operational needs. It is our focus to purchase effectively and efficiently from the most reliable sources. It is our goal to purchase wisely, obtaining by any ethical means, the best value for every dollar spent.

Responsibility

Provide counsel and assurance that the items selected will meet the minimum effective quality level established by the user and is purchased at the lowest possible price.

Offer assistance during early planning stages, thereby assuring sufficient lead time for the acquisition of good and services required.

Make recommendations for consolidation and standardization of purchases in an attempt to reduce costs.

Solicit and evaluate all quotations on goods and services that are needed for the Town. Obtain vendor assurance that delivery will be within the required time limitations established by the requisitioner.

Schedule, coordinate and administer bid openings for all departments. Retain possession and control of all applicable bid documents. Address and resolve any bid-related issues that occur.

Control and maintain all pertinent bidding files, auditor records and insurance/contracts from prior fiscal years for retrieval on demand.

Continue developing a computerized on-line system of purchases compatible with the town's management information system.

Prepare and execute all contracts, bid/payment/performance bonds, and insurance certificates. Obtain required signatures, distribute contract documents and assign contract numbers to all contracts and agreements awarded by the town.

Research new sources of supply to keep costs low and to maintain a fair and just bidding process. Locate new materials, express new ideas, and act as a liaison between the town and all responsible vendors.

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Establish, enforce and update purchasing policies and procedures for the benefit of all departments.

General Policies

The Purchasing Department is authorized to purchase or contract all goods and services in the Town, with the exceptions listed below.

- Purchases under \$500.00
- Any receipt or packing slip under \$500.00 should be signed by a department head with a notation of the account number to be charged and forwarded to Accounts Payable. This receipt or packing slip will then be matched with the invoice when it arrives.
- Kelley Library

The town is not financially obligated for materials, equipment or services ordered and delivered without a formal purchase order. Such commitments are considered personal and the financial obligation rests with the ordering individual.

All negotiations, procurement, pricing, terms, delivery, change orders, cancellations, and correspondence with vendors relating to specifications shall originate from the Purchasing Department. When technical detail makes it necessary for the requisitioner to communicate directly with the vendor copies of all correspondence must be forwarded to the Purchasing Department.

Product specification rests solely with the requisitioner. Product substitution or specification changes will not be made without approval from the requisitioner.

Requisitioners are encouraged to suggest sources of supply, but vendor selection is the responsibility of the Purchasing Department.

The Town of Salem, NH is exempt from state and federal taxes. Corrective action will be taken by the Accounts Payable Department for invoices that include taxes. All original invoices should be sent directly to Accounts Payable.

Sales representatives and manufacturer's agents are interviewed by the Purchasing Department and are requested not to visit any other departments prior to such interviews.

The Purchasing Department does not release or discuss competitive prices submitted by any vendors. All other departmental personnel involved in bid comparison evaluations are expected to follow this ethical policy.

The Purchasing Department will pursue a program of standardization of material used throughout the town.

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All purchases are subject to these procurement policies and procedures. Specific exceptions (emergency repairs) must be forwarded to the Purchasing Department in writing by the next business day, giving full disclosure of circumstances or technical justification to support the request.

In order to protect our tax exempt status we do not permit individuals to purchase personal items through the town's Purchasing Department for reimbursement.

PROCUREMENT POLICIES/PROCEDURES -II **SUBJECT: REQUISITION PROCESS**

Funding Sources

Although user departments are allocated funds in their budgets for a given period, this allocation is only an authority to requisition, not to purchase. No goods or services over \$500 are permitted to be ordered or accepted by a user department until the issuance of a purchase order by Purchasing.

Fund Account Numbers

Each department is assigned budget numbers by the Finance Department.

All purchasing requisitions must carry the complete account number for an account to be charged.

All requisitions must be certified by the Finance Department as to the availability of funds.

(I.e. Fund, Department, Expense Type)

- Example GF 20100-4200
- Fund Type GF (General Fund)
- Department 20100 (Finance Department)
- Expense Type 4200 (Office Supplies)

Purchase Requisition

Departments ordering goods and services over \$500 from external vendors must submit a Purchase Requisition to Purchasing via Munismart. The requisition is then converted to a purchase order. The purchase requisition may be emailed to the Purchasing Agent for processing. The user department will prepare a purchase requisition to request the purchase of supplies, equipment or services from the contractor. While instructions for preparation of the purchase requisition are detailed in this manual, the Purchasing Department offers personal instruction to any department. This service may be particularly helpful to those newly hired or newly responsible for departmental purchasing matters. The requisition is the approved vehicle for ordering goods and services over \$500. To avoid needless delays and minimize frustration, please pay careful attention to the following:

- Be accurate: What you type on the requisition will be sent to the vendor.
- Abbreviations and lack of complete description are not acceptable.
- Incomplete or unacceptable forms will delay the purchasing process since the originating department must be contacted for clarification/reprocess.

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- Minimize crisis ordering as it results in extra expense and is potentially dangerous. Plan, Plan, Plan.
- Anticipate needs and allow sufficient order processing and delivery time.
- Purchase requisitions can now be emailed to the Purchasing Department, but only by department supervisors who approve them first. They can also be generated through Munismart by authorized users.

Requisition Procedures

- 1) Requisitions should be typed or clearly printed.
- 2) Requisitions may be emailed by supervisors to the Purchasing Agent for approval.
- 3) If the list of ordered items is too long and cannot be typed in the description section, type "items per attached sheet" in the description section and attach that list to the form.
- 4) Each requisition must contain a complete description of the material or service desired.
- 5) The signature of a person authorized to submit department requisitions must appear on each requisition, unless is directly emailed from a department head to the Purchasing Agent. Requisitions on Munismart can be processed by designated users.
- 6) Requisitions are not needed for memberships if the membership was included in the budget.
- 7) Requisitions must include the full general ledger account number.

MuniSmart Purchase Requisition

- Step1: Select Process/Purchase Orders /Create/Req-Po
- Step2: Select Insert
- Step3: Dept- Enter Dept Account Number code or select the ellipsis (...) to choose from the department table of account numbers.
- Step4: Ship To-Enter the ship-to address code or select the ellipsis (...) to choose from the ship to address table.
- Step5: Vendor ID- Enter the Vendor ID for the desired vendor or select the ellipsis (...) to choose from the vendor table.
- Step6: Vendor Override- If you are placing an order with a vendor who is not in the vendor table-select Best Vendor and type the vendors information in the comment section.
- Step7: Select Insert
- Step8: Item- Enter Item product number or service number.

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- Step9: Vendor Item- Add Brief Description of service or product.
- Step10: Description - Add Detailed Description of service or product.
- Step11: Select Quantity/Price/Account Number that is needed.
- Step12: Comments- Add all pertinent information, the more information you add the easier it will be to order the products/service
- Hit (OK) to Complete Line Item- Repeat steps to add additional line Items. (Additional training will be needed for new users)

PROCUREMENT POLICIES/PROCEDURES -III **SUBJECT: PURCHASING PROCESS**

Purchase Order

A Purchase Order is a binding contractual agreement between the buyer and the seller when accepted by the seller. The contents must be specific and contain the agreed upon conditions and terms. Do not underestimate the importance of this document as it is **LEGALLY BINDING FOR BOTH PARTIES**. The purchase order is a multi-part form. Copies serve as the vendor's purchase order, departmental copy, purchasing copy and receiving copy. The (white) copy of the purchase order is sent to the vendor for their records. The (yellow) copy is attached to the purchase requisition and filed in the purchasing office. The (pink) copy is sent to the user department. The (gold) copy is sent to accounts payable. The Purchasing Agent is responsible for dispersing the colored forms to the appropriate locations. When the goods or services have been completed, departments will submit the pink copy along with the original invoice to Accounts Payable. Once the invoice has been paid by Accounts Payable the gold copy will be submitted to the department as confirmation of payment.

Expenditure Authorization

The following signature requirements will apply:

- Between \$500 - \$50,000.00: Department Head and Finance Director
- \$50,000.00 or more: Department Head, Finance Director and Town Manager

Confirmation or Verbal Purchase Orders (emergency purchase)

Verbal purchase orders will be given **ONLY** for bonafide emergency needs. An emergency purchase may be made by a department only when the normal operation of the department is in jeopardy. An emergency generally relates to needed repairs to equipment and facilities which must be kept operating

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to protect the health and/or safety of persons or property. In the case of an emergency purchase the requisitioner is expected to obtain at least three quotes and select the vendor with the lowest responsible quote (unless the purchase qualifies for a procurement waiver discussed below). It is understood that these emergency orders will be given verbally by the requisitioner to a vendor to expedite the delivery of the required item or service. Verification of ACTUAL PRICE must be made at that time and be written in the amount column of the requisition. The requisitioner should provide to the Purchasing Agent the names of the companies and their quoted prices when they submit the requisition. Common office supplies will never be considered an emergency purchase.

Cancellation or Modification of Orders

Requests for cancellation or modification of Purchase Orders, including an increase or decrease in quantity and/or dollar amount, must be submitted to the Purchasing Department in writing by the department head, stating the reason for the change and attached to a requisition form. Check off the box marked "modification" on the requisition form and reference the original purchase order number on the line next to the box checked.

Although adjustments in orders may result due to unforeseen circumstances, each department should strive to make sure the first requisition is correct. This procedure will reduce additional costly efforts. The maximum dollar value of an increase to an existing purchase order will be ten percent (10%). Any authorization to exceed this limit will be subject to the approval of the Finance Director up to a total purchase price of \$50,000. If the total purchase order is over \$50,000 the authorization will be subject to approval by the Finance Director and Town Manager. Purchase orders may be decreased by any amount without the approval of the Town Manager. An official notification to the vendor will be sent by the Purchasing Department. Invoices received by Accounts Payable that exceed the stated purchase order price (excluding freight cost) must be approved by the Purchasing Department. Purchasing will verify the reason for the variation in price by contacting the vendor and/or the department. The invoice will be approved for payment if the variation is justifiable.

PROCUREMENT POLICIES/PROCEDURES -IV **SUBJECT: PROCUREMENT METHODS**

Competitive Bidding

The Purchasing Department retains the right to request competitive bids for all commodities or services regardless of the dollar expenditure involved. Please allow sufficient lead-time for competitive bid solicitations.

General Bidding Procedures

The bidding procedures are segregated into three types: request for quotes, requests for formal bids, and requests for proposals. The procedures used to procure supplies and services depend on the estimated costs of the contract that will ultimately be awarded. This means that if you are contracting to purchase two vehicles, it is the total cost for both vehicles not the cost of each vehicle alone.

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Employees are prohibited from awarding multiple contracts with the same vendor for the same project in an effort to circumvent the appropriate procurement procedure. Disciplinary action up to and including termination can result from an employee caught intentionally trying to avoid the procurement process.

Overview

Request for Quotes: \$5,000.00 to \$20,000

- Firm selected based on the lowest responsible quote

All purchase requisitions totaling \$5,000 - \$20,000 must have a minimum of three (3) documented, verbal or written, quotations to be obtained by or provided to the Purchasing Agent. This information will be retained in the Purchasing Department with the order to serve as back-up/audit trail. In competitive quotation situations, the award will be made to the vendor submitting the lowest responsible quotation, (freight, cash terms, price, service, delivery and acceptability considered) unless in the judgment of the requisitioner and the Purchasing Agent the best interests of the Town would not be served by such an award. Written permission from the Town Manager is required if the project is not awarded to the lowest bidder. It is encouraged but not required to use the Record and Evaluation of Quotation Forms that can be found in Appendix A. The name and address of all persons contacted for quotes, the names of all persons that submitted quotes, and the date and amount of each quote must be documented and retained in the Purchasing Agents records. In the event of a tied price quote from two responsible vendors the "coin toss" method shall be chosen. The first vendor that submitted the quote will be assigned "heads" and the second vendor submitted will be assigned "tails".

Invitation for Sealed Bid: 20,000.00 or over

- Invitation for Sealed Bid: (IFB) Firm selected based on the lowest qualified responsible bidder. Most service contracts should be procured using an invitation for sealed bids.

All purchase requisitions in excess of \$20,000 requires a written Request for Sealed Competitive Bid. Detailed specifications are to be attached to the requisition. If detailed specifications are not available, all pertinent information must be supplied on the requisition form. Requests for Sealed Bids must be advertised as a legal notice in a minimum of two newspapers and on the Town's website, stating the nature of the goods or services and the sealed bid opening date and time. A record of the date and time that submissions are received by the Town should be documented. On the specified date and time, the sealed bids are publicly opened, recorded and all the results are forwarded to the department head involved. The Department Head makes a written recommendation to the Purchasing Agent. The Purchasing Agent reviews all information and correspondence and forwards his/her recommendation to the Finance Director for approval. Town Manager approval is also required for bids over \$50,000.

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Request for Proposals: (RFP):

- Requests for proposals may be used for any dollar amount where it is determined that the selection of the most advantageous vendor should be a consideration of factors in addition to price. Typically, professional services fall into this category.

The user department, in consultation with Purchasing, will prepare the RFP. The RFP will supply sufficient information and specification to afford all bidders a fair and reasonable opportunity for competition and enable them to submit a bid based on all relevant information. The user department will establish an Evaluation Committee to evaluate proposals received in response to the RFP in accordance with the terms and conditions agreed upon. Purchasing and the user department will coordinate the issuance of the RFP to vendors. The user department and purchasing as considered appropriate, will identify vendors to whom the RFP will be sent. If necessary, purchasing, in conjunction with the user department, will prepare RFP addenda. Purchasing will be responsible for ensuring that all vendors initially provided a copy of the RFP receive all addenda that may be issued. Addenda may be issued by fax, regular mail, or email and must be posted on the Town's website.

After the separate services and price proposals have been submitted, the committee reviews the qualifications of the firm. Formal documentation must be submitted to the Purchasing Agent of how each proposer ranked for their qualifications. It is recommended that a matrix is used to document the ratings of each firm based on the criteria outline in the RFP. Only after firms have been ranked based on their qualifications may the committee open the cost proposal submitted by each vendor. The bidder that ranks the highest based on qualification should be award the bid as long as the price proposed is not significantly higher than the other bidders. In the event that the price is significantly higher than other bidders, the second highest ranking bidder based on qualifications should be selected.

Procurement Waiver:

The bidding procedures described above may be waived if, in the Purchasing Agents judgment:

- The specific product or service is obtainable from only one source.
- There is insufficient time for the formal process due to documented, extraordinary/emergency circumstances. An attempt should be made to obtain at least three verbal quotes in this type of event.
- The goods or services may be purchased from a vendor from whom we have purchased the goods or services in the past who is willing to honor the prior quotation/bids.
- It would be in the best interest of the town to utilize the State of New Hampshire or any other surrounding state's contract list pricing and/or any regional consortium that the Town of Salem participates in.
- Prior/in-depth knowledge of complex systems in town. Areas that this cover includes: SCTV, monitoring/maintenance for the Intelligent Traffic Systems, and certain software maintenance for the water and sewer departments.

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- Contracts with labor relations representatives, lawyers, certified public accountants, banking services, architects, engineers, and related professionals.
- The issuance of bonds, BANs, notes, TANs, etc. in accordance with procedures established by law.
- Purchases made when the funding source is a gift or grant. Under these circumstances the department should follow the guidance of the grantor/donor.

Responsible Bidder:

A “responsible bidder” is a bidder able to demonstrate to the satisfaction of the Town that the bidder has the ability, capacity, resources, fitness, and expertise to execute the project in accordance with the specifications in a manner that is likely to result in timely completion of a high quality project. The determination that a bidder is responsible is made by the Purchasing Agent.

Responsive Bid:

A “responsive bid” is one that meets the requirements of the specifications of the RFP and the Towns contractual terms and conditions, including completeness of the quotation, forms, inclusion of references and attachments and completion of required responses. The determination that a bid is responsive is made by purchasing and, when appropriate, the user department or an evaluation committee.

PROCUREMENT POLICIES/PROCEDURES -V

SUBJECT: PROCUREMENT SERVICES

Specifications

Whether the purchase is being made utilizing the formal advertised bid process or the procurement waiver, specifications must be developed that will afford all bidders a fair and reasonable opportunity for competition and enable them to bid intelligently. Specifications must be clear, concise and unambiguous in order to make possible the receipt of responsive proposals from bidders.

PROCUREMENT POLICIES/PROCEDURES -VI

SUBJECT: SPECIAL PURCHASING INFORMATION

Blanket Order:

Blanket orders are designed to reduce paperwork since one requisition and one purchase order accommodates numerous transactions. Blanket orders are issued to vendors for repetitive purchases of consumable supplies and for services which are contracted on a fixed-payment basis. The blanket order process does not apply to construction services. Blanket orders are established for a specific time period (usually one month) and must contain a "not-to-exceed" total dollar amount. All transactions are

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invoiced against the order and processed by the Accounts Payable Department. The Purchasing Department has the authority to determine the appropriate use of blanket orders

Payment Voucher

Payment vouchers (see Appendix B) are to be used to transmit requests for payment which do not have invoices. The following are acceptable uses of payment vouchers:

- Obtain travel advances,
- Replenish petty cash accounts.
- Postage.
- Reimburse employees for out-of-pocket expenses incurred while on Town business (i.e., mileage for local travel, business meals. etc.).
- Customer refunds.
- Recording fees.

Service Contracts

Certain items of equipment are covered by service contracts in order to assure continuing efficient operation. Forms required by service companies must be signed on behalf of the town by the Town Manager and be substantiated by a purchase order encumbering funds required on an annualized basis. Purchase requisitions are required for any such service arrangements, except for departmental electric typewriters, janitorial services, heating and air-conditioning units and elevators. The service contracts for these items are processed on one purchase order originated by the Purchasing Agent. Individual departmental consumers are charged by Accounts Payable accordingly.

Office Supplies

The Town of Salem maintains a centralized stock of commonly used office supplies. To order these supplies, complete the Office Supply Order Form (see Appendix C) and submit to the Purchasing Agent. Do not obtain these items from an outside vendor. For items not included in the centralized stock, office supply catalogs are available in the Purchasing Department for referencing.

PROCUREMENT POLICIES/PROCEDURES -VII

SUBJECT: SURPLUS PROPERTY DISPOSAL

All departments shall notify the Purchasing Agent, in writing, of existing materials, supplies or equipment which is no longer used or which have become obsolete. The Purchasing Agent, upon approval of the Town Manager, may be empowered to:

- Transfer surplus materials, supplies and equipment to another department.
- Include surplus equipment as trades on replacement equipment.
- Sell or otherwise dispose of surplus materials, supplies or equipment at public or private sale, subject to proper authorization. The Purchasing Agent may authorize the disposal, without sale, of materials or equipment found to have no resale value.

TOWN OF SALEM, NEW HAMPSHIRE PURCHASING POLICIES AND PROCEDURES

- If materials or equipment are examined by the Purchasing Agent and are found to have no resale value,
- Full record keeping of all transactions must be maintained by the Purchasing Agent.

Methods of disposal may include sealed bid sale, auction, cooperative sale arrangements or other approaches that realize the maximum resale value possible. Direct sale of surplus goods to Town of Salem employees is prohibited. However, employees may participate in any public process.

PROCUREMENT POLICIES/PROCEDURES -VIII

SUBJECT: INSURANCE REQUIREMENTS

Workers Compensation

The Town of Salem, NH requires all contractors to procure and maintain Worker's Compensation Insurance as required by State Law (RSA 281-A) for all employees that are engaging in any work at any site or project whether direct employees or subcontracting associates.

A current Insurance certificate must be provided prior to commencing work with the Town of Salem NH. All Insurance certificates will remain on file at the purchasing department.

The Minimum Mandatory Coverage

| | |
|---|----------------------------|
| Workmen's Compensation & Employers Legal Liability | \$ 500,000.00 per accident |
| Disease Each Employee | \$ 500,000.00 |
| Disease Policy Limit | \$ 500,000.00 |

Any business that employs even one full or part-time employee is required to provide workers compensation insurance, regardless of that employee's family relation (son, daughter, husband etc.) or if it is a Non-Profit organization.

Sole-proprietors, partners and self-employed persons are not required by law to carry workers' compensation on themselves. Sole-proprietors, partners and self-employed persons even those without employees, may be required by the Town of Salem, NH to carry workers' compensation coverage as part of a private agreement. The terms will be agreed upon before any project is awarded and any work commences at the Town of Salem, NH.

PROCUREMENT POLICIES/PROCEDURES -IX

SUBJECT: MATERIAL RECEIPT INFORMATION

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Invoicing:

Invoicing instructions are provided on the purchase order. Suppliers are required to submit invoice(s) with the appropriate purchase order number clearly indicated on the invoice. If the supplier fails to provide a valid purchase order number on the invoice, the invoice may be returned unpaid to the supplier. The invoice must include an itemization of all items, supplies, repairs and labor furnished, including unit list pricing, net pricing and total amount due. Payment will be submitted within (30) days of the completion of services or the receipt of an invoice that is approved by the user department or division. Invoices should be mailed to Town of Salem, New Hampshire, Accounts Payable Department, 33 Geremonty Drive Salem NH.03079.

Receiving Procedures:

When signing receiving slips from common carriers and/or vendor packing slips, care should be taken to notice if the carton or package you are signing for is damaged in any way. If so, the damage should be noted on the receiving slip and/or packing slip before signing. This will allow Purchasing leverage should the product, when unpacked, be damaged or broken. Upon opening the carton or package, the department head or his/her designee must verify that the delivered item conforms to the specifications in the purchase order. It is the responsibility of the department head to ensure inspection of delivered items to discover possible discrepancies such as shortages, damaged goods and nonconformance to specifications.

A. Receipt in Full: If all goods or services are received, the packing slip and pink copy of the purchase order must be signed by the department representative acknowledging receipt and forwarded to Accounts Payable.

B. Partial Receipt: If only a partial delivery is made, the department representative should send only the packing slip and copies of the pink purchase order to Accounts Payable indicating what was received and hold the pink purchase order copy until all ordered merchandise or services are received. The pink signed purchase order copy should then be sent to Accounts Payable.

Freight Claims:

DO NOT REJECT A SHIPMENT FROM A COMMON CARRIER

(A common carrier is a firm whose business is the transportation of goods from a seller or shipper to a point designated by the buyer, e.g. United Parcel Service (UPS), Federal Express, etc.)

A. Damaged Goods: A department receiving damaged goods or goods suspected of having concealed damage, and having noted any damage on the receiving slip and/or packing slip, must notify the Purchasing Department immediately. Purchasing will notify the carrier and the shipper. Delays in notification may jeopardize the town's claim.

The shipment must not be removed from the point of delivery, and the carton/packing material must be retained. The carrier or the carrier's Agent is required to inspect the damaged goods promptly and

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thoroughly. If an inspection of goods is made, a copy of the report will be left by the inspector. The department should forward a copy of this report to Purchasing.

B. Concealed Damage: In cases where concealed damage is discovered after delivery is made, and no notation was made on the shipping documents, the shipper, carrier, and the town usually bear any loss proportionately. Notify the Purchasing Department immediately. Claims may be rejected on technical grounds even if the damage clearly had occurred prior to delivery. Attention to detail is very important. Should the town have to absorb any proportional loss, the department ordering the goods will be charged for the town's share.

C. Short Shipments: A department receiving a quantity of merchandise that is less than the quantity indicated on the packing slip must notify the Purchasing Department immediately. The Purchasing Department will contact the vendor. Short shipments are normally settled by replacing the missing item(s).

Returns for Credit

When a vendor has shipped items as specified on a purchase order, they have legally complied with their part of the contract and are under no obligation to accept for credit any of those items delivered as specified. Acceptance of a return by the vendor is by no means automatic, and a restocking charge may be incurred. This charge will be assessed to the requisitioning department.

Requests for permission to return supplies or equipment to a vendor for adjustment or credit must be cleared through the Purchasing Department. NEVER return items before purchasing has contacted the supplier. The supplier will provide explicit instructions as to how, when, and where items are to be returned, usually furnishing a return authorization number. The proper crediting of your account will be expedited if the supplier's instructions are followed. Close coordination with the Purchasing Agent is imperative.

PROCUREMENT POLICIES/PROCEDURES -X **SUBJECT: PURCHASING CODE OF ETHICS**

Professional Principles

The following rules apply to all Town of Salem employees who participate in the purchasing process.

1. Give first consideration to the objectives and policies of the Town of Salem.
2. Strive to obtain the maximum value for each dollar of expenditure.
3. Decline personal gifts or gratuities.

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4. Grant all competitive suppliers equal consideration insofar as state or federal statute and institutional policy permit.
5. Conduct business with potential and current suppliers in an atmosphere of good faith, devoid of intentional misrepresentation.
6. Demand honesty in sales representation whether offered through the medium of a verbal or written statement, an advertisement or a sample of the product.
7. Receive consent of originator of proprietary ideas and designs before using them for competitive purchasing purposes.
8. Make every reasonable effort to negotiate an equitable and mutually agreeable settlement of any controversy with a supplier; and/or be willing to submit any major controversies to arbitration or other third party review, insofar as the established policies of my institution permit.
9. Accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
10. Cooperate with trade, industrial and professional association, and with governmental and private agencies for the purposes of promoting and developing sound business methods. Foster fair, ethical and legal trade practices.

Purchasing Policy (Prohibitions)

(RSA 95:1)

- No person holding public office, as such, in any political subdivision governmental service shall, by contract or otherwise, except by open competitive bidding, buy real estate, sell or buy goods, commodities, or other personal property of a value in excess of \$200.00 at any one sale to or from the state or political subdivision under which he holds his public office.

Conflict of Interest

- No employee, officer or Agent of the Town of Salem, NH shall perform any type of work, participate in the award or administration of a contract or participate in operational situations where a conflict of interest may be involved, unless approved by the Board of Selectmen and such approval must occur at a public meeting.
- No employee, officer or Agent of the Town of Salem, NH shall authorize, confirm or permit funds to be expended with any person, firm, partnership or corporation in which they or any member of their immediate family is an owner, officer or employee or is to become an owner, officer or employee. The Town Manager must authorize any such exceptions to this policy in writing as well as present this to the Board of Selectmen to maintain an effort of transparency.

TOWN OF SALEM, NEW HAMPSHIRE PURCHASING POLICIES AND PROCEDURES

- No employee, officer or Agent of the Town of Salem, NH who is participating or is about to participate in the award or administration of a contract by open competitive bidding shall either solicit or accept any kickback, gratuity, contingent payment, or any other pecuniary benefit from any person, firm, partnership or corporation involved in such contract. Pecuniary benefit means any advantage in the form of money, property, commercial interest, travel, offer of employment or anything else, the primary significance of which is economic gain.

PROCUREMENT POLICIES/PROCEDURES -XI **SUBJECT: CREDIT CARD PROCEDURES**

Credit Card

- Requests for credit cards can be submitted in two ways.
- (A) Purchases under \$500.00 requires a credit card request form (see Appendix D)
- (B) Purchases over \$500.00 require a purchase requisition and a credit card request form.

- The Credit Card Request Form for purchases under \$500.00 will be submitted to purchasing with an authorized signature. The credit card will then be released to that Department. The card & receipt needs to be returned within 24 Hours to the Purchasing Department. The Purchasing Agent will attach the form & receipt together and forward it to accounts payable for payment.

- A Purchase requisition for purchases over \$500.00 will be submitted to purchasing with an authorized signature. The credit card will then be released to that department.

- Purchases without a firm price on items under/over \$500.00 will require an authorized signature on a Purchase requisition with an estimated amount. The credit card will then be released.

- The Town can refuse to pay for items charged on the Town's credit card that were not approved. The individual that charged the item will be personally responsible to pay for all charges made on behalf of the Town that are not approved.

Authorized Signatures

The following signature requirements will apply:

Department Head or Supervisor

Any person authorized to sign & complete a transaction that will ultimately be paid by Accounts Payable.

SUBJECT: YEAR END

Encumbrances:

At December 31st all appropriations will lapse with the exception of the following:

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- The amount has, prior to the end of that fiscal year, become encumbered by a legally-enforceable obligation, created by contract or otherwise, to any person for the expenditure of that amount.
Note: A purchase order is considered a legal binding agreement only if the supplier/vendor has received and agreed to process the order on or before 12/31.
The town operates under a centralized purchasing environment and departments must submit a purchase requisition to purchasing before placing any orders.
- The amount is appropriated from moneys anticipated to be received from a state, federal or other governmental or private grant, in which case the appropriation shall remain non-lapsing for as long as the money remains available under the rules or practice of the granting entity.
- The amount is legally placed in any non-lapsing fund properly created pursuant to statute, including but not limited to a capital reserve fund under RSA 35, or a town-created trust fund under RSA 31:19-a.
- The amount is appropriated under a special warrant article and is explicitly designated in the article and by vote of the meeting as non-lapsing, in which case the meeting shall designate the time at which the appropriation shall lapse, which in no case shall be later than 5 years after the end of the fiscal year for which the appropriation is made.
- The amount is to be raised, in whole or in part, through the issuance of bonds or notes pursuant to RSA 33, in which case the appropriation, unless rescinded, shall not lapse until the fulfillment of the purpose or completion of the project being financed by the bonds or notes
- The amount is appropriated under a special warrant article, in which case the local governing body may, at any properly noticed meeting held prior to the end of the fiscal year for which the appropriation is made, vote to treat that appropriation as encumbered for a maximum of one additional fiscal year.

Procedure:

- The Purchasing Department will place ALL orders in the month of December. Confirming purchase requisitions/orders will not be accepted after December 1st. All orders must be placed by the Purchasing Department, unless it's an emergency. In the event of an emergency VERBAL purchase orders will be given by the purchasing department ONLY for bonafide emergency needs. An emergency purchase may be made by a department only when the normal operation of the department is in jeopardy. If you have been given a purchase order number over the phone from the Purchasing Agent, include the purchase order number on the line next to "confirming" order on the requisition and forward the requisition to the Purchasing Department by the next business day for processing. This process "Confirming" will only be used in an Emergency.
- On a quarterly basis each department will receive an open purchase order report. This will enable each department to review their respective purchase orders for accuracy. In December of each year all purchase orders that do not have a contract or legal obligation will be closed unless the responsible department head can provide adequate information to Finance as to why the purchase order should be encumbered; particularly annual purchase orders for recurring services. The department must contact purchasing to indicate whether or not that service was performed or the product was received.

TOWN OF SALEM, NEW HAMPSHIRE PURCHASING POLICIES AND PROCEDURES

Appendix A

| Record and Evaluation of Quotations | | | | |
|--|------------------|------------------------------------|---------------------------------|------------------------------|
| Department: | | Requisition No: | | |
| | | P.O. No.: | | |
| Purchase Description and Contract Terms: | | | | |
| Quantities (check one): | | Estimated <input type="checkbox"/> | Actual <input type="checkbox"/> | |
| Quality Requirements: | | | | |
| Vendors Contacted | Quantity | Unit Price | Total Price | Met Quality Requirements |
| Company 1: | | | | Yes <input type="checkbox"/> |
| Contact | | | | |
| Address | | | | No <input type="checkbox"/> |
| Email | | | | |
| Telephone | Additional Fees: | | | |
| Solicited by: | Date: | Total Cost: | | |
| Notes | | | | |
| Company 2: | | | | Yes <input type="checkbox"/> |
| Contact | | | | |
| Address | | | | No <input type="checkbox"/> |
| Email | | | | |
| Telephone | Additional Fees: | | | |
| Solicited by: | Date: | Total Cost: | | |
| Notes | | | | |
| Company 3: | | | | Yes <input type="checkbox"/> |
| Contact | | | | |
| Address | | | | No <input type="checkbox"/> |
| Email | | | | |
| Telephone | Additional Fees: | | | |
| Solicited by: | Date: | Total Cost: | | |
| Notes | | | | |
| Recommendation: | | | | |
| Name: | | Signature: | | |
| Department: | | Date: | | |

**TOWN OF SALEM, NEW HAMPSHIRE
PURCHASING POLICIES AND PROCEDURES**

Appendix B

TOWN OF SALEM, NEW HAMPSHIRE
PAYMENT VOUCHER

DATE: _____

CHECK PAYABLE TO: _____

EXPLANATION: _____

ACCOUNT #: _____

AMOUNT: \$ _____

Authorized Signature

TOWN OF SALEM, NEW HAMPSHIRE PURCHASING POLICIES AND PROCEDURES

Appendix C

| | | |
|--|--|---|
| | <p>TOWN OF SALEM, NEW HAMPSHIRE Purchasing Department Order Request Form</p> <p>For all orders under \$500 including credit cards</p> |  |
| Date | | |
| Department | | |
| Requisitioner | | |
| Account Number | | |
| Description/Item # | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Preferred Vendor | | |
| | | |
| Amount | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Department Head Authorization Signature | | |
| Print Name | | |

