

Small Purchase Procedure

1.0 INTRODUCTION

The employees of the Town of Culpeper, Virginia are required to follow the administrative purchasing policies of the Town, including requirements as enumerated in Town Code Chapter 18 and the Virginia Public Procurement Act, Chapter 43. This small purchase procedure is in accordance with Town Code Sec. 18-56.

2.0 REQUIREMENTS

Purchases under the Small Purchase Procedure shall be made with competition wherever practicable. Award shall be made to the business offering the best value.

2.1 Goods and Services other than Professional Services

2.1.1. In lieu of competitive sealed bids or competitive negotiation, any contract for single or term contracts for goods and services other than professional services if the aggregate or the sum of all phases is not expected to exceed one hundred thousand dollars (\$100,000.00) may be made in accordance with small purchases procedures; provided, however, that contract requirements shall not be artificially divided so as to constitute a small purchase under this section.

2.1.2. Purchases under this subsection that are expected to be less than or equal to thirty thousand dollars (\$30,000) shall be made with competition wherever practicable. As a general rule, purchases shall follow the following guidelines:

1. **Purchases Under \$2,500:** purchase is made at the discretion of the department head. No purchase order or documentation is required. As with all purchases, the intent is to secure the best price or value for the product. Requires Level 1 approval.
2. **Purchases greater than \$2,500 to \$7,500:** No purchase order is required. (Verbal) or written documentation from at least three (3) sources is required when practicable and is to be attached to the Accounts Payable Check Request Form. When it is not practicable to get documentation from three sources, provide justification on the referenced form. If State Contract pricing is utilized, the department will note that source on the AP Check Request Form. Requires Level 2 approval.
3. **Purchases greater than \$7,500 to \$15,000:** Purchase order is required. Written documentation of at least three (3) sources is required when practicable or notation that State Contract pricing was used or a contract-rider from another Virginia locality. When it is not practicable to get documentation from three sources, attach justification to the purchase order. Requires Level 3 approval.
4. **Purchases greater than \$15,000 to \$30,000:** Purchase order is required. Written documentation of at least three (3) sources is required when practicable or notation that State Contract pricing was used or a contract-rider from another Virginia locality. When it is not practicable to get documentation from three sources, attach justification to the purchase order. Requires Level 4 approval.
5. **Purchases greater than \$30,000 to 100,000:** Purchase order is required. Purchases expected to exceed thirty thousand dollars (\$30,000) shall require (i)

written informal solicitation of a minimum of four bidders or offerors and (ii) posting of a public notice on the Department of General Services' central electronic procurement website and the Town's website at least 10 days prior to the date set for receipt of proposals. The name of the business submitting a quotation and the date and amount of each quotation shall be recorded and maintained as a public record. Requires Level 5 approval.

2.1.3 All purchases for amounts greater than \$7,500 and less than \$100,000 require a purchase requisition/purchase order and shall be completed and approved prior to purchase. An exception to the purchase order requirement is allowed for emergency purchases. The corresponding approval level and Finance Director will be advised of all emergency purchases. For emergency purchases, please state the nature of the emergency on the invoice being expensed. **NOTE: EXCEPT FOR EMERGENCY PURCHASES, NEVER PROCESS A REQUEST FOR A PURCHASE ORDER AFTER THE PURCHASE HAS BEEN MADE.** For emergency purchases greater than \$100,000, the Small Purchase Policy does not apply, refer to the Sec. 18-55 of the Town Code.

2.1.4 The name of the business submitting a quotation and the date and amount of each quotation shall be recorded, attached to the voucher presented for payment and maintained as a public record. **NOTE:** Where practical, departments are to attempt to make all purchases from the State of Virginia Purchasing contract/website. Where appropriate, use of contract-riding on an existing Virginia locality contract may be utilized.

2.1.5. Equipment and projects that have been reviewed and approved as part of Council's deliberations for the annual budget will not require a second review and approval by Council after the budget has been adopted and the appropriation ordinance approved.

Should the approved equipment and/or project change from the original concept approved by Council; the Town Manager will submit those changes to Council for review and approval.

2.2 Professional Services

2.2.1. In lieu of competitive negotiations, any contract for single or term contracts for professional services if the aggregate or the sum of all phases is not expected to exceed sixty thousand dollars (\$60,000) may be made in accordance with small purchasing procedures; provided, however that contract requirements shall not be artificially divided so as to constitute a small purchase under this section.

2.2.2 When practicable, two or more Vendors deemed to be fully qualified, responsible and suitable for the particular professional services will select for individual discussions. However, if only one Vendor is deemed to be fully qualified, or that one Vendor is clearly more highly qualified and suitable than the others under consideration, a Contract may be negotiated and awarded to that Vendor.

At the discussion stage, the Town may request and discuss non-binding estimates of total project costs, including, but not limited to, estimated total project cost, and non-binding estimates of prices for services.

At the conclusion of discussions, negotiations shall then be conducted, beginning with the Vendors ranked first. If a contract satisfactory and advantageous to the Town can be negotiated at the price considered fair and reasonable, the award shall be made to that Vendor. Otherwise, negotiations with the Vendor ranked first shall be formally terminated and negotiations will be conducted with the Vendor ranked second, and so on until such a contract can be negotiated at a fair and reasonable price. Should the Town determine in writing and in its sole discretion that only one Vendor is fully qualified or that one Vendor is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that Vendor.

2.2.3 A purchase order is required for all Professional Services less than \$15,000 and requires a Level 3 approval. A Town contract is required for all Professional Services greater than \$15,000 and requires Level 4 approval. An exception to the purchase order/contract requirement is allowed for emergency purchases. The corresponding approval level and Finance Director will be advised of all emergency purchases. For emergency purchases, please state the nature of the emergency on the invoice being expensed. **NOTE: EXCEPT FOR EMERGENCY PURCHASES, NEVER PROCESS A REQUEST FOR A PURCHASE ORDER AFTER THE PURCHASE HAS BEEN MADE.** For emergency purchases under this subsection greater than \$50,000, the Small Purchase Policy does not apply, refer to the Sec. 18-55 of the Town Code.

2.2.4 The name of the Vendor(s) selected for individual discussion and the contract shall be attached to the voucher presented for payment and maintained as a public record.

3.0 APPROVAL LEVELS OR LEVEL

All purchases must be approved by an employee who has been assigned an approval level at least as high as what is required for the particular purchase as described above. There are five approval levels with Level 5 being the highest approval level.

The Town Manager has a Level 5 approval authority and shall assign approval authority levels as deemed appropriate. A current list of approval levels shall be maintained by the Finance Department.

An employee who has been assigned an approval level has the authority to approve purchases up to their level of authority.

4.0 REQUISITIONS/PURCHASE ORDERS

4.01 When requesting a Purchase Order, Requisitions should include the following items:

1. description of the item to be ordered
2. the quantity desired
3. unit and total price as applicable,
4. purpose of the purchase
5. appropriation account number to be charged
6. the date needed
7. specific sources of supply, if possible
8. reports and recommendations as applicable

9. Vendor W-9 is not required to be provided with Requisition but is required prior to invoice being paid.
10. Signature by the appropriate approval level or Department Head.
11. Requisitions are to be sent to the Treasurer's office so a pre-numbered, purchase order can be prepared.
12. The Accounts Payable clerk will verify that the account charged is appropriate and record the availability of appropriated funds.
13. The requisition and purchase order are then forwarded to the Town Treasurer for approval and authorization of the purchase. If the requisition has not been approved by a Department Head not having the appropriate approval level the Treasurer will seek approval from the Town Manager.
14. The vendor, Treasurer, and department copies of the purchase order are returned to the requisitioning department.
15. The vendor copy is to be sent to the vendor as applicable.
16. The Treasurer's copy is to be finalized or partialled and copied as applicable and returned to the Treasurer's Office upon receipt of the goods.
17. The department copy is to be filed by the Requisitioning Department.

5.0 TIME SENSITIVE PURCHASES

When a time sensitive Purchase Order is required, the requisition shall be highlighted with a notation of the due date and that expedited action is needed. The Accounts Payable clerk will process the requisition on the date received, forward to the Treasurer for review and sign-off. If the requisition is not already approved by the appropriate approval level, the Treasurer will seek approval of the requisition from an appropriate approval level on the same day. Once approved, the AP Clerk will process and return the Purchase Order to the department within that same day.

6.0 VENDOR REQUIRED PURCHASE ORDER NUMBERS

In instances where a product vendor requires a Purchase Order number but the total cost is less than \$7,500, the department will call the Accounts Payable clerk and request a Purchase Order number to complete the transaction. The department is not required to process a requisition but shall clearly annotate the purchase order number on the Accounts Payable Check Request Form submitted for payments.

7.0 EMERGENCY AND/OR OPERATIONAL CRITICAL PURCHASES

If an item is essential and deemed absolutely necessary for the continued normal operations of the Town's functions (i.e. – repair and maintenance related, etc.) or a component element of an approved capital project, any Department Head with the appropriate approval level as stated in Sec. 2.1.2 is authorized to approve necessary purchases subject to the total departmental appropriation.

In the event of an emergency purchase exceeding \$100,000, verbal approval of the Town Manager will be obtained. Refer to Town Code Sec. 18-55 for additional direction regarding emergency purchases greater than \$100,000.

8.0 PURCHASE ORDER PROCESSING GUIDELINES

Upon issuance of a purchase order, the Finance Department is to record the purchase order as an encumbrance in the automated accounting system. Information recorded will include the purchase order number, date, vendor name, account code and amount.

When an invoice is received, it is sent to the requisitioning department, and that department must verify that the proper items ordered were received and the proper charges and terms have been applied. If the invoice received is incorrect, the requisitioning department shall resolve discrepancy with vendor making any necessary adjustments and/or corrections to all copies of the purchase order.

If all items are received and in acceptable condition, the requisitioning department will mark the purchase order complete, list the total amount to be paid, and initial to authorize payment.

If a partial order is received, then the requisitioning department will mark the individual items on the purchase order as partial, list the amount to be paid, and initial to authorize payment.

The purchase order or copy, packing slip, applicable bid information, invoice, and any other documentation received or generated will then be forwarded to the Treasurer's Office for payment. **Special attention must be given to items with special payment terms (discounts) and penalty provisions. These invoices should be presented immediately to Accounts Payable and explanation given as to any unusual provisions for payment (i.e. VMEA, debt service wires, etc.)**

In processing vouchers for payment, consideration is to be given to discount periods, agreed upon special terms, listing of bills payable for Town Council's approval, and service charges applicable to the timely payment of the invoices. Upon processing for payment, a two-copy accounts payable check will be prepared. Payment made shall be deducted from the earlier encumbrance.

All supporting documentation will be forwarded to the Treasurer for approval. The Treasurer will review and approve all payment requests and the Town Manager will review and approve all payment requests greater than \$7,500. The check copies are filed in alpha-order and the vouchers are filed by vendor name in the Accounts Payable office.

An original copy of all contracts that have been approved by Council shall be maintained by the Town Clerk.

Quick-Reference Guide

Purchase Amount	(3) Verbal / Written Quotes or State Contract	(3) Written Quotes or State Contract	(4) Written Quotes & Public Notice, or State Contract
Under \$2,500			
\$2,501-\$7,500	X		
\$7,501-\$15,000		X	
\$15,001-\$30,000		X	
\$30,001-100,000			X
\$100,001 +	Refer to Chapter 18 – Town Ordinance		

Note: Purchase Order required over \$7,500

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