

## **Brushy Creek Municipal Utility District Purchasing Procedures**

Prior to the start of each fiscal year, the Board approves the District's budget. In approving the budget, the Board is authorizing District staff to collect and expend funds in the manner and amount that has been approved. All purchases by District staff are subject to the limitations set forth in the resolutions "Safeguarding of District Assets" and "Change Orders" as well as in these procedures. Staff should never personally benefit from selecting a specific vendor or expending District funds.

The District staff that are approved to expend funds include;

General Manager  
Public Works Director  
Parks and Recreation Manager  
Controller  
Information Technology Manager  
Executive Assistants

### **Authority to Purchase**

The above mentioned staff are responsible for budgets specific to their departments. Any purchases that were not approved in the budget must be approved by the Board through a budget adjustment. Managers may request a budget adjustment first by requesting the adjustment to the General Manager. The General Manager, may or may not recommend the adjustment, however, the Board makes the final decision.

The staff that are approved to make purchases may delegate the process of pricing a purchase or ordering an item. The purchase itself must be pre-approved by the staff that have that authority. District staff that make purchases who are not authorized to do so or without the authorization of staff with that authority are at the risk of being financially responsible for the purchase.

The preferred method of purchasing items is with vendors that the District either has an existing account with or will establish an account with the District. The Accounting department can provide the names of vendors that the District currently uses or establish an account with a preferred vendor.

District purchases are exempt from sales tax. Accounting can provide a tax exemption form. The cost of sales tax will not be reimbursed to employees.

### **Methods of Purchasing**

Vendor Accounts

The preferred method of purchasing is using vendors that have established a line of credit with the District. Most vendors that regularly provide products and services to the

District have an existing agreement to bill the District following receipt of the products or services. The Accounting Department can provide the names and contact information for those vendors in which a relationship already exists. If the purchase is to be made with a new vendor, Accounting will establish the account at the staff members' request. Only the Accounting Department should complete credit applications.

Once an account is set up, the staff need only contact the vendor for the products or service. Personal purchases are never to be made on District accounts. The vendor will invoice the District following the completion of the transaction. (Refer to the section on How to Purchase for completion of this transaction).

#### Credit Cards

The District staff that are authorized to have District credit cards are;

<u>Title</u>	<u>Credit Limit</u>
General Manager	\$6,000
Public Works Director	\$3,500
Parks and Recreation Manager	\$3,500
Controller	\$3,500
Information Technology Manager	\$3,500

Credit card transaction should be limited to purchases only with those vendors that will not direct bill the District.

Staff that are issued credit cards will receive a copy of their monthly statement from Accounts Payable. Within five business days, the staff are to return the statement, actual receipts, and purchase justification and coding for each purchase. Refer to the Travel, Meals, and Entertainment policies and procedures for limitations and required supporting documentation for purchases related to those categories.

#### Fleet Cards

Fleet cards are issued for each vehicle the District owns for purchases of fuel and minor repairs. Each staff that has been approved to drive a District vehicle has been assigned a Personal Identification Number (PIN). Staff that have PINs are delegated the authority to purchase fuel for the District vehicles. Each month, Accounts Payable will send a copy of the Fleet invoice to the departments with drivers. Original receipts supporting the purchases must be returned to Accounts Payable within five days.

#### Petty cash

The Executive Assistant to the General Manager maintains a small petty cash account for transactions and reimbursements to staff. Generally, these transactions should be less than \$20. To receive funds from petty cash, the staff member must complete a petty cash form with the appropriate manager's signature and provide an original receipt.

#### Reimbursements

Staff may request to be reimbursed for District related expenses they paid for with their own funds provided the expenditure was pre-approved by their manager. Staff risk not being reimbursed if the expenditure is not pre-approved. Reimbursement requests are to be submitted on the District Expense Reimbursement form and submitted to Accounts Payable. The reimbursement form must be signed by the staff's manager. Accounts Payable will then issue a reimbursement check to the staff no sooner than five business days or no later than 10 business days after receipt of the completed form.

### **When to Price**

District staff should always make purchases that are financially sound and benefit or meets the business needs of the District. Staff should purchase best value, not necessarily lowest cost. Purchases of similar items within a 60-day period are considered a single purchase for determining the cost threshold for bidding purposes.

#### Purchases up to \$5,000

Purchasers are not required to bid purchases of items that cost up to \$5,000. The purchaser may select their own vendor, however, staff should make every attempt to get the best value for the District.

#### Purchases from \$5,000 to \$25,000

Purchasers are required to document three quotes for expenditures between \$5,000 and \$25,000. The quotes may be verbal or written and must be submitted with the purchase order.

#### Purchases from \$25,000 to \$50,000

Purchasers are required to document three written bids for expenditures between \$25,000 and \$50,000. The quotes may be via email or in another document and must be submitted with the purchase order.

#### Purchases in excess of \$50,000

Purchases exceeding \$50,000 must use a formal bid process either through a Request for Proposal (RFP) or Request for Qualifications (RFQ). The Board must approve the purchase prior to the issuance of the RFP or RFQ.

#### Sole Source

If only one qualified vendor or contractor is available to purchase a specific product or service from, staff may avoid the bidding process. However, staff must have prior approval from the General Manager to make sole source purchases. The General Manager may consult with the General Counsel prior to approving a sole source contract.

#### Emergency

Refer to the "Safeguarding of District Assets" resolution for emergency purchases.

### **How to Purchase**

All purchases must be supported by documentation that reflects the authorized manager's approval, the accurate coding of which department to charge the expense to, and clear indication or description of what was purchased. The District's budget provides the coding to use to ensure the appropriate department is charged. Accounting can assist staff with the coding.

Staff that are not authorized to purchase on behalf of the District must have prior approval from a manager that does have that authorization. This can be in the form of an email or an approved purchase order. When possible, the vendor should be given the purchase order number to facilitate the reimbursement process. Paper copies of purchase order or electronic copies are permissible.

Once the purchase is made, a signed and coded purchase order must be submitted to Accounts Payable. Accounts Payable will match the invoice to the purchase order and process payment within two weeks. If an invoice is received without a purchase order, Accounts Payable will submit a copy of the invoice to the appropriate manager and request a purchase order.

If invoices are received regularly from the same vendor without purchase orders, Accounts Payable may notify the vendor that we will only pay their future invoices with a purchase order number. Any other invoices will not be accepted.

#### Recurring Invoices

Accounts Payable may pay vendors without purchase orders and without manager approval due to several reasons. In all cases, supporting documentation of the amount paid is required.

If a contract exists to provide the same service on a regular recurring basis for the exact same amount. The contract should have a clear start and end date. The manager responsible for the department in which the expense is charged to is required to submit a purchase order indicating the service or product, the amount, and the start and end dates.

If the District is legally required to issue payment, such as taxes then no purchase order is required.

For services such as utilities, employee benefits, and other recurring expenses, no purchase order is required, however, Accounts Payable may request the department manager to approve an invoice.

#### **Reporting Expenditures**

Each month, Accounting will issue a report to the managers of items charged to their departments. The managers will review the detail and verify that the information is correct. If there are errors, the managers should request that Accounting correct the error.

#### **Forms or Additional Information**

The following forms can be found on the public server, in the ACCOUNTING folder, in TEMPLATES.

Petty Cash Reimbursement  
Credit Card Receipts  
Expense Reimbursement form

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