

**TOWN OF RICHMOND**  
**MUNICIPAL PURCHASING POLICY**

**Approved by vote of the  
Richmond Selectboard  
on December 4, 2017**

**INTRODUCTION**

This policy is designed to facilitate efficient, accountable and controlled public resource expenditure. It is not intended to negatively affect the payment of invoices or timely completion of projects.

**SECTION 1. OFFICIAL PURCHASE ORDER (P.O.) FORM**

The Finance Director shall maintain a supply of P.O. forms to be utilized by all town departments. Department Heads are responsible for the proper administration and adherence to this policy.

**SECTION 2. PURCHASE ORDER PROCEDURE**

P.O.s are to be completed by Department Heads and shall be approved **PRIOR TO:**

1. Ordering supplies, equipment or services, or,
2. Payment of invoices in the case of a recognized emergency situation, and
3. Exceeding the budgeted line item expense amount.

Step One - Submission of P.O. for Approval

Items to be included on P.O. are identified in **Section 3**. All P.O.'s must be submitted by the Department Head and approved by the below authorities:

- \$ 0 – 999.99 = No P.O. Required
- \$1,000 - \$10,000 = Town Manager
- \$10,001 and greater = Selectboard

NOTE: Purchases over \$999.99 shall not be broken down into multiple invoices in order to avoid the requirement to secure a purchase order.

Step Two - Submission of P.O. with Invoice to Financial Director

After approval, the P.O. is given to the Finance Director and the pertinent information is entered into the data base to encumber the projected expense. The white copy of the P.O. is filed by the Finance Director for reference when processing invoices.

The Finance Director gives the pink copy to the appropriate Department Head for retention and the Department Head attaches a copy of the P.O. to pertinent invoices.

Once the purchase order has been expended the white copy is filed in front of the invoices for the current fiscal year.

Step Three - Submission of Invoice to Selectboard for Payment

The Financial Director will submit all invoices with required P.O.s and a warrant to the Selectboard for review. **Invoices without the required P.O. will not be processed for payment by the Finance Director and the P.O. will be returned to the Department Head.** The Board will review and approve or deny payment of all invoices.

**SECTUIB 3. CHECKLIST**

Vendor name	Description of bid process utilized
Ship to: Department Head name & date	Budget amount available
Department	Minus the P.O. total
Funding Source: Budget line item	Balance
Project name	Over budget amount & code to pay for it
Quantity	Total of P.O.
Description of product/service	Authorized signature and date

#### **SECTION 4. BID THRESHOLD PROCEDURE**

The following forms of bids are required based on the total anticipated cost of the item, unless a recognized emergency purpose exists, in which case the department head must coordinate all purchases with the Town Manager.

- \$0 – 999 = Verbal communication between Department Head and Vendor. Both quality and price shall be considered.
- \$1,000 - \$15,000 = Written Bids/Quotations must be requested from no less than three vendors. If three vendors are not available, a brief written explanation must be attached to the P.O. as to why less than three vendors were contacted. On P.O. note: *number of Written Bids Reviewed by Department Head.*
- \$15,001 - \$25,000 = Sealed bids with a date certain to be opened by Department Head must be sought and maintained on file with Department Head. On P.O. note: *Sealed Bids Reviewed by Department Head.*
- \$25,000 or greater = Sealed bids must be requested with a written "Request for Proposals" or bid package previously reviewed by the Town Manager. Sealed bids must include a date certain to be opened in front of Department Head or Town Manager. All decisions must be reviewed and approved by Selectboard.

For this policy, "Emergency Purpose" is unplanned activities possibly using multiple vendors with no reasonable time permitted to receive P.O. approval or follow the above bid procedures. Examples include, water main breaks with associated costs, repairs to emergency vehicles that must be done immediately and work done to repair roadways after storm events. However, even when work is completed for an emergency situation, a purchase order shall be submitted with the invoice specifically marking the purchase order with the words "Emergency PO – Town Manager notified on (date)".

#### **SECTION 5. AWARD PROCEDURE**

Factors below will be considered, but not limited to, when selecting a company to provide a service or product:

- Price
- Prior performance with the Town of Richmond
- Prior product quality with the Town of Richmond
- References
- Local vs out of town or out of state contractors or vendors
- Availability of bids

When a contract is formerly awarded by the Selectboard, the Town Manager is authorized to sign a contract and corresponding P.O. The P.O. will be processed per section two, step two guidelines.



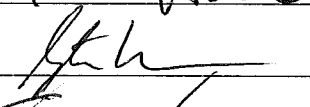
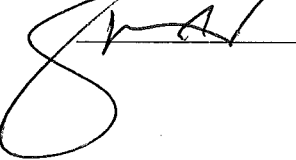
**SECTION 6. EXCEPTIONS AND MODIFICATIONS TO PURCHASE ORDER APPROVAL**

Exceptions to this policy are allowed for emergency purchases approved by the Town Manager. Modifications, if minor may be made, as determined by the Manager.

Modification requests must be made by the Department Head and approved by the Town Manager prior to the modification being made. This includes such items as: Changing the amount approved, vendor selection modification, account code or changing bid procedures identified on a previously approved purchase order.

Approved, and made effective, by a Majority of the Richmond Selectboard

on this 4 day of December, 2017.

  
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