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STATEMENT OF POLICY

TO: All City Personnel

This Purchasing Manual has been carefully prepared for your and the City's common goal of making the most efficient and practical use of each dollar spent for the equipment and supply needs of the City. We all share equally in the responsibility for conserving and wisely using all our resources.

The effective and efficient procurement of both capital and operational requirements is a major factor in the successful operation of any modern day City. Specialized purchasing knowledge results in a better evaluation of opportunities for economical combinations of price, quality, and delivery. The centralization of purchasing produces standardized buying procedures and paperwork flow.

It is the policy of the City that Central Purchasing is the legal centralized agency held primarily responsible to obtain maximum values for the City in the procurement of equipment, supplies, and services rendered by outside agencies. Purchase commitments can only be made on a purchase order issued by Central Purchasing. The City is not obligated to any commitments made in any other manner.

May I particularly emphasize the point that Central Purchasing, having both staff and line functions, stands ready to serve, not merely as a supplier of your everyday needs, but it is equipped to be your source, reference, and information center for all your equipment, supply and service problems. It is charged with the responsibility of spending City money wisely and well.

Your close attention to, and careful observance of these policies is essential to assist the City in furthering its aims and purposes.

Alfred A. Hopkins
Mayor

FOREWORD

Central Purchasing of the City of Annapolis has prepared this Purchasing Manual for the

information of the various divisions and departments of the City, as well as for the guidance of all purchasing personnel. It is to be considered the basis for the City's purchasing policies.

Each transaction between a buyer and a seller involving the transfer of property of any kind is a contract. Most contracts are of the simplest form and are covered only by purchase orders, while others are lengthy agreements defining in technical terms the nature of material, length of agreement, terms of payment, etc.

From the inception to the consummation of a transaction between buyer and seller, many important problems are involved, and the proper handling of these and the administering of the business features connected with them are vital factors in the successful operation of a City.

For these reasons, the authority and responsibility of purchasing for the City rests with the Central Purchasing Department. This places the responsibility on those who have the interest and the skill to do the work properly and whose primary concern is in the performance of this task.

This manual is intended to outline the policies, duties, and responsibilities involved in procuring materials and equipment for the City of Annapolis. In purchasing these requirements, it is intended that the City's reputation for fairness and integrity will be maintained.

Brian D. Snyder, CPPO
Purchasing Agent

CITY OF ANNAPOLIS, MD
Policies and Procedures

Policy No: 010
Page 1 of 1

SUBJECT: Purpose, Use, and
Philosophy of Manual

Effective: 3/18/96

POLICY:

The City publishes a Purchasing Policies and Procedures Manual to insure consistent and proficient Purchasing practices to be utilized by all employees.

PROCEDURE:

1. This manual contains the major purchasing policies affecting the City's employees.
2. It is intended as a guide to consistent action within the City to reduce the possibility of misunderstanding and managerial problems.
3. Policies are listed by general headings in the table of contents.
4. All employees involved in any type of City purchasing activities are obligated to become familiar with its contents.
5. When further clarification is necessary, Central Purchasing is available for guidance.
6. The Policies and Procedures will be revised and updated as needed by Central Purchasing.
7. This manual is the property of the City of Annapolis.

CITY OF ANNAPOLIS, MD
Policies and Procedures

Policy No: 015
Page 1 of 1

SUBJECT: Policy Revision

Effective: 3/18/96

POLICY:

Policies and Procedures may be changed or added to through administration action a needed, or in a uniform manner through suggestions of employees and Department Directors.

PROCEDURE:

1. Suggestions for change in existing policies or promulgation of new policies should be presented in writing through the Department Directors to the Purchasing Agent.
2. The Purchasing Agent will then review the suggestions and present a written recommendation for the changes and or additions the Finance Director for approval.
3. All policy changes or additions must finally be approved by the Mayor before they are implemented by the Purchasing Agent.
4. Changes and additions will be provided to each department for updating and maintaining all manuals. Instructions as to proper inclusion of new materials will be included.

CITY OF ANNAPOLIS, MD
Policies and Procedures

Policy No: 020
Page 1 of 2

SUBJECT: Overview of the Purchasing
Process

Effective: 3/18/96

POLICY:

This policy describes the purchasing options available to the City for obtaining good and services. Detailed procedures are contained in this manual for each kind of transaction.

PROCEDURE: (Optional Purchasing Methods)

1. Blanket Purchase Orders:

Many routine items needed for immediate use may be obtained directly from local vendors to whom blanket purchase orders have been issued. Items that can be obtained under this procedure include, for example, automotive maintenance supplies, hardware, and building materials.

2. Normal purchases of less than \$10,000:

The majority of purchases will be handled under this procedure. A requisition is prepared and approved by the using department; the purchase is approved, and a purchase order issued by the Purchasing Agent. Fund availability is controlled by the Finance Department; goods or services are received by the using department, and the invoice is received and paid by the Finance Department.

3. Sealed Formal Bid purchases:

Sealed formal bid procedures shall be used for purchases or lease of apparatus, supplies, materials, services and equipment requiring an estimated expenditure of \$10,000 or more; and for construction and repair work requiring an estimated expenditure of \$30,000 or more. At the option of the Purchasing Agent, this procedure may be used for purchases under \$10,000. The Purchasing Agent has the staff responsibility for administering the formal bid process for purchases and for contracts such as personal services and maintenance. The Public Works Department is responsible for administering construction and repair contracts. The Purchasing Agent, Finance Director, and City Attorney have a concurrent responsibility for all City contracting. Formal bid and contracting procedures are covered in detail in a later section.

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Policies and Procedures

Policy No: 020
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SUBJECT: Overview of the Purchasing
Process

Effective: 3/18/96

4. Emergency purchases:

In extreme situations in which life and welfare of the general public is in danger and the Purchasing Agent is unavailable to assist with a necessary purchase, the senior departmental official available may make an emergency purchase. See the detailed requirements for documenting such actions.

5. Petty Cash purchases:

This is the simplest of all purchase procedures and is intended only for small items under \$20.00. This procedure is for small out-of-pocket expenses such as postage, for which other procedures are inappropriate. The person making the purchase should enter on the delivery ticket his name the name of the item purchases, and the account number to be charges. Upon presenting these receipts to the departmental person designated to handle petty cash, the employee will be reimbursed from petty cash. The department's petty cash will be replenished periodically by completing check request supported by the receipts.

ORGANIZATIONAL CHART

Electorate

Mayor
and
Aldermen

Central Services

Central Purchasing

CITY OF ANNAPOLIS, MD
Policies and Procedures

Policy No: 100
Page 1 of 2

SUBJECT: Purchasing Responsibilities

Effective 3/18/96

POLICY:

The purpose of this procedural instruction is to delineate the key responsibilities of Department Directors, the Purchasing Agent and the Finance Department with regard to the purchase of goods and services

PROCEDURE:

1. General Responsibilities: Purchasing is a shared responsibility extending from policy control by the Mayor and Aldermen to the employee who uses or has custody of supplies. However, most of the responsibilities for purchasing transactions are assigned to Department Directors, the Purchasing Agent, and the Finance Department. Any problems not resolved among the officials involved will be referred to the Mayor.
2. Department Director Responsibilities:
 - (a) Determination of the need for materials and services and the timely submission of requisitions to allow for purchasing lead time.

- (b) Making quality and quantity determinations.
- © Making a preliminary determination that unobligated funds are available in the appropriate account.
- (d) Preparing preliminary drafts of specifications.
- (e) Receiving delivered items and accurately preparing and signing receiving reports.
- (f) Advising the Purchasing Agent of unexpected delays in deliveries, damage, substitute items, or other discrepancies.

3. Purchasing Agent Responsibilities:

- (a) Monitoring the small purchases by departments and issuing specific departmental guidance and limitations to improve purchasing results.
- (b) Approving all purchasing transactions.
- © Seeking the best prices on all purchases considering quality and performance.
- (d) Determining the most effective purchasing techniques to use for the various transactions the City enters into.
- (e) Interviewing vendors, developing good vendor relations and reconciling problems.
- (f) Insuring proper follow up on open purchase orders or transactions where discrepancies occur.
- (g) Developing formal bids including bid invitations, special conditions and advertising. Handling bid openings and coordinating the award process. Notifying bidders of the award action.
- (h) Developing or approving specifications.
- (I) Obtaining written quotations if deemed necessary by the Purchasing Agent for purchases over \$2500 for which sealed bids are not requested.
- (j) Keeping Department Directors aware of new products, market changes and other purchasing matters.
- (k) Disposing of obsolete and surplus materials.

4. Department of Finance:

- (a) Providing the Purchasing Agent with current status of accounts for approving fund availability.
- (b) encumbering purchase transactions against appropriate accounts.
- © Processing invoices for payment and referring discrepancies between invoice and purchase order or between purchase order and receiving report to the Purchasing Agent to resolve.
- (d) Providing the Purchase Agent with fiscal and transaction status information pertaining to the Finance role in the purchasing process. These documents include the annual budget with back-up details on approved capital outlay expenditures and periodic purchase order “late in process” reports.

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Policies and Procedures

Policy No: 105
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SUBJECT: Ethical Standards

Effective 3/16/96

All Central Purchasing personnel will subscribe to the Principles and Standards of purchasing practice advocated by the National Association of Purchasing Management and National Institute of Governmental Purchasing.

PRINCIPLES:

1. Loyalty to the City
2. Justice to those with whom we deal
3. Faith in our profession

STANDARDS:

1. To consider first the interest of this City in all transactions and to carry out and believe in its established policies.
2. To be receptive to competent counsel from his colleagues and to be guided by such counsel without impairing the dignity and responsibility of his office.
3. To buy without prejudice, seeking to obtain the maximum ultimate value for each dollar of expenditure.
4. To strive consistently for knowledge of the materials and processes of manufacture, and to establish practical methods for the conduct of is office.

5. To subscribe to and work for honesty and truth in buying and selling, and to denounce all forms and manifestations of Commercial Bribery.
6. To accord a prompt and courteous reception, so far as conditions will permit to all who call on a legitimate business mission.
7. To respect his obligations and to require that obligations to him and to his concern be respected, consistent and good business practice.
8. To avoid sharp practice.
9. To counsel and assist fellow purchasing agents in the performance of their duties, whenever occasion permits.
10. To cooperate with all organizations and individuals engaged in activities designed to enhance the development and standing of purchasing.

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Policies and Procedures

Policy No: 110
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SUBJECT: Prudent Buyer Principle

Effective 3/18/96

Central Purchasing will apply the Prudent Buyer Principle to all feasible transactions. This principle states: "The prudent and cost-conscious buyer not only refuses to pay more than the going price for an item or service, he also seeks to economize by minimizing cost." This is especially so when the buyer is an institution or organization which makes bulk purchases and can, therefore, often gain discounts because of the size of its purchases. In addition, bulk purchases of items or services often give the buyer leverage in bargaining with suppliers for other items or services. Any alert and cost-conscious buyer seeks such advantages.

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Policies and Procedures

Policy No: 200
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SUBJECT: General Purchasing Policy

Effective: 3/18/96

POLICY:

Along with our responsibility to provide high quality services to the citizens of Annapolis, it is imperative that we continually strive to lower costs in all program areas. A large portion of our budget is for the purchase of materials and services. These costs account for approximately twenty percent of our operating budget, and provide us with an excellent opportunity for cost reduction and control.

Purchasing is an important activity which is shared by departmental and staff officials, and by employees who use or have custody of materials and supplies. Because of the specialized nature of certain aspects of the purchasing process, the City has a Purchasing Agent to perform the technical duties and to give overall leadership and coordination of all City purchasing activities.

It is the objective of the purchasing program to have materials, supplies and services available at the proper time, in the proper place, in the quantity and quality consistent with the user's needs, and at the best price. The balancing of these factors is the mark of a good purchasing program.

In exercising purchase-related responsibilities, all officials and employees must adhere to the general policies set forth below and to the procedural instructions contained in this manual.

PROCEDURES:

1. All elected and appointed officials of the City who participate in the negotiation and approval of purchases and contracts are personally responsible for becoming familiar with and abiding by all applicable State statutes, City ordinances, policies, and procedures governing such activities.
2. The Mayor and Aldermen reserve unto themselves the final approval of all

construction and repair contracts for \$30,000 or more and all purchases of \$10,000 or more, for items not specifically provided in the operating or Capital Improvement Project budget.

3. The Mayor is designated the chief contracting officer for the City and it is his responsibility to give leadership in all purchasing and contracting activities of the City, sign contracts, and delegate purchasing responsibilities.
4. The City's goal is to receive maximum value for the tax dollar and to purchase in the best interest of the City.

CITY OF ANNAPOLIS, MD

Policy No: 200

Policies and Procedures

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SUBJECT: General Purchasing Policy

Effective 3/18/96

5. Bids shall be awarded to the lowest responsible bidder, taking into consideration quality, performance, and time specified in the proposal for performance. The City reserves the right to accept or reject, in whole or in part, any of all bids.
6. The Purchasing Agent has the responsibility for the procurement of all goods and services, and sale or disposal of surplus property. He either performs such purchasing or disposal activities or gives functional directions to others to whom such responsibilities are assigned.
7. The Purchasing Agent shall not knowingly issue a purchase order or contract when there is evidence of conflict of interests on the part of any City official.
8. Officials engaged in purchasing shall foster constructive competition by constantly seeking new bidders, obtaining several bids on most everything purchased and developing more than one active source or supply for various products and services.
9. All qualified bidders shall be afforded equal opportunities to quote and will compete on equal terms.
10. City officials shall strive to maintain strong and enduring relationships with vendors of proven ability and with those who have a desire to meet the needs of the City. To accomplish this, purchasing activities shall be conducted so that vendors will value the City's business and will make every effort to furnish its requirements on the basis of quality, service and price.
11. It is City policy to effect maximum feasible standardization of supplies, materials, and equipment used within and among departments in order to minimize stock levels and obtain better prices through larger quantity purchases.
12. It is City policy to encourage meaningful participation of minority-owned businesses consistent with the procurement of acceptable quality services and

products at competitive prices.

13. The loan or use of City owned materials, equipment and tools for other than City business without the written consent of the Purchasing Agent is prohibited.

CITY OF ANNAPOLIS, MD

Policy No: 200

Policies and Procedures

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SUBJECT: General Purchasing Policy

Effective 3/18/96

14. No vendor shall fail or refuse to hire or discharge any individual or otherwise discriminate against any individual with respect to compensation, terms, conditions or privileges of employment because of such individual's race, color religion, sex, or national origin.
15. No vendor shall limit, segregate or classify employees in any way which would deprive or tend to deprive any individual of employment opportunities or otherwise adversely affect his status as an employee because of such individual's race, color, sex or national origin.

POLICY:

Central Purchasing is authorized to commit only on receipt of a proper authorization, according to the following procedures:

1. Purchase order authorization and processing:
 - (a) A purchase order shall be prepared for all contractual agreements except those handled through PETTY CASH. Every transaction between a buyer and a seller involving the transfer of PROPERTY or service is a contract.
 - (b) Purchase order must (1) contain stated prices, delivery date, terms, F.O.B. point, and how prices were obtained (i.e., person who quoted prices, catalog, written quotation, etc.) And (2) be signed by the Purchasing Agent or his designee.
 - © All incoming purchases must bear the proper purchase order number.

SUBJECT: Purchase Order

Effective: 3/18/96

POLICY:

Since every transaction between the City and a vendor (whether distributor, manufacturer, dealer, consultant, etc.) Involving transfer of material and/or services is a contract and since the purchase order is the official vehicle by which the City formalizes this contract, EVERY transaction entered into by the City MUST have a covering purchase order; the purchase order number will become the control number for establishing the audit trail, etc.

PROCEDURE:

1. A purchase requisition must be submitted to Central Purchasing.
2. Central Purchasing will review the requisition for proper approving signatures, account numbers, specifications, etc.
3. If the requisition has all necessary ingredients, Central Purchasing will execute a purchase order with a copy of same to be returned to the originating department.
4. In the case of contracts, etc., a copy of the accompanying documents will also be returned to the originating department with the original being retained in the appropriate file in Central Purchasing

CITY OF ANNAPOLIS, MD
Policies and Procedures

Policy No: 215
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SUBJECT: Petty Cash

POLICY:

The purpose of this procedure is to establish guidelines for use of the petty cash system for

making reimbursements for small out-of-pocket expenditures. Generally, the petty cash procedure is designed to reduce the time and expense of going through normal purchasing channels in making small purchases of \$20.00 and under; this procedure is not to substitute for the blanket purchase order procedure; normal use of this procedure is to pay for items such as postage due and other small incidental expenses.

PROCEDURES:

1. The petty cash fund shall only be used for small expenditures for supplies, parking fees, tolls, postage, etc. The petty cash custodian shall have on hand cash, receipts or a combination thereof which equal the total amount of the fund.
2. An employee requesting reimbursement for an expenditure shall submit a receipt to the petty cash custodian. The date and amount shall be clearly indicated on the receipt. The employee requesting reimbursement shall authenticate it with his signature.
3. The custodian shall complete a "Receipt of Petty Cash" slip including date, purpose and account to be charged. The purpose shall be adequately defined. For example, parking and toll receipts would state travel purpose and location.
4. Before funds are released, a designated supervisor or the Director shall sign the slip.
5. The employee receiving the money shall sign the receipt to complete the transaction.
6. When the petty cash fund is to be reimbursed, all petty cash slips and the attached receipts shall be submitted with the completed check request form to the Finance Department. The check request form shall be signed by the Department Director or his designee. Then there is more than one receipt associated with an individual petty cash slip, the group of receipts shall be stapled to an adding machine tape which totals to the amount on the individual petty cash slip. Finally, an adding machine tape of all the individual petty cash slips being submitted for reimbursement shall be attached to the check request and the tape total shall equal the amount of the check request.

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Policies and Procedures

Policy No: 220
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SUBJECT: Blanket Purchase Orders

Effective: 3/18/96

When economically appropriate, repetitively ordered supplies and/or services will be purchased through the use of blanket-type purchase orders. The blanket order system offers six important benefits:

1. It requires fewer purchase orders and reduces clerical work in Purchasing, finance and the requisitioning departments.

2. It releases both the departments and Central Purchasing from routine work.
3. It permits volume pricing by consolidating and grouping requirements.
4. It sometimes ensures protection against price rises during the period of coverage.
5. It centralizes purchasing control of similar commodities.
6. It can improve the flow of feedback information, because of the grouping of materials and vendors.

To function effectively in the long run, however, every blanket order must provide adequate internal control. Absence of the control element encourages petty fraud and poor vendor performance. The elements essential to effective control are:

1. a numbered purchase order with provision for proper internal accounting charge notations;
2. a record of authorized delivery releases; and
3. bona fide evidence of receipt of the material.

PROCEDURES:

The general procedure used for this type of purchase is as follows. Based on an analysis of past purchases or a request for assistance from the departments, Central Purchasing determines which materials or services should be handled in this manner. After deciding on a vendor for each item, a blanket purchase order is issued to each vendor (this will involve price negotiation whenever possible). A blanket order is a basic agreement between the City and the supplier for a stated period of time. It establishes certain terms and conditions under which material or services are delivered upon issuance of orders in the form of releases. The releases MUST be written on the City's blanket order release form. The basic order is established to cover either specific items with stated prices or items of a general category. After establishing the blanket order, specific administrative conditions are incorporated in the basic agreement. These conditions establish the procedures for the administration of the order and include the following types of limitations and controls:

1. No items can be shipped incomplete.
2. All releases are to be expeditiously processed.
3. The following information must appear on each invoice:
 - (a) blanket order release number
 - (b) item number
 - (c) quantity
 - (d) description of items or services furnished
 - (e) unit price and extended price
 - (f) total price including discounts
 - (g) name of person authorizing release

4. The City will specify the names of personnel authorized to initiate releases. The supplier shall not accept requests from unauthorized personnel.
5. Not-to-exceed dollar values and/or time period must be established.
6. Vendor must send invoices directly to the Finance Department. Any other method is deemed unacceptable.

The specific procedure for establishing a blanket order is:

1. Any department may request the Purchasing Agent to issue a blanket order for their use by providing the following information on a regular requisition:
 - (a) name of vendor
 - (b) maximum amount anticipated to be purchased in a particular period
names of individuals authorized to place and pick-up orders
 - (d) commodity categories department expects to buy
 - (e) account numbers to be charged
2. If the blanket order method is approved, the Purchasing Agent will negotiate trade and cash discounts with the vendor and orient the vendor on procedures relating to the system. Blanket purchase orders will be prepared and issued by Central Purchasing. The preparation and distribution of the form is the same as for a regular purchase order except Central Purchasing will also prepare a “blanket order release control sheet,” a copy of which will be sent to the department along with their copies of the purchase order.
3. To add items or additional funds, or deduct items or funds from a blanket order, a department need only notify Central Purchasing by an interoffice memorandum of the desired change. Central Purchasing will then issue a Change order with one copy going to the vendor, one copy going to the department, one copy going to accounts payable, and one file copy for Central Purchasing.
4. A blanket purchase order is terminated the same way a regular purchase order is terminated with the exception that a copy of the blanket purchase order release control sheet must be attached to the green copy.

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Policies and Procedures

Policy No: 225
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SUBJECT: Blanket Order Release

Effective: 3/18/96

POLICY:

The release form will be comprised of an original for the vendor and four copies, two to be retained by the originating department and two to be sent to accounts payable. There is no delivery copy and Central Purchasing gets no copy.

- White (original) - to vendor
- Yellow copy - to originating dept. for its use
- Blue copy - to originating dept. for P. O. file
- Pink copy - to accounts payable P. O. File
- Gold copy - to accounts payable invoice file

The release form serves as authorization for the order, so it must be prepared and authorized before the order is placed. Because there is no copy to certify the receipt of the order, accounts payable will assume payment is approved when the invoice matches the authorized release. For this reason, it is very important that the items and prices on the release form match the items and prices on the invoice.

Each department should keep a control log of releases for each blanket purchase order so that

the releases against a blanket order will be numbered sequentially. The release number is made up of three parts: a 5-digit purchase order number, a 2-digit department number, and a 3-digit release control number. The release control number always starts with "001" for each blanket purchase order and continues in sequential order for each subsequent release.

Release Number

00202-19-001

P. O. Number Department # Release Control #

The release form has column titled item number and another column titled account number reference. The item number is nothing more than a sequential numbering of the items on the form. If there are six items on the form, then there would be six numbers starting with one and ending with six. The item number exists solely to differentiate the various items listed on the release form.

The account number reference, on the other hand, exists solely for accounting purposes. The City's computerized system consolidates all item numbers charged to the same account number into a single account number code. Consequently, a release form which lists, for example, six item numbers may reference only two account numbers because four of the six items are charged to one account number and the other two to another account number. You will know the account number reference that each line item on the release form

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Policies and Procedures

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SUBJECT: Blanket Order Release

Effective 3/18/96

is assigned to because each account number on the purchase order will have the account number reference circled next to it.

PROCEDURE:

1. The originating department fills out the release form before the order is placed. The white original is given to the vendor and the yellow and blue copies are retained by the originating department.
2. The release is entered on the release control log before the order is placed.
3. The order is placed. The pink and gold copies of the release form must be sent to accounts payable the same day the order is placed.
4. The vendor sends the invoice directly to accounts payable which matches it with the release form. The vendor must enter all three parts (10 digits) of the release number on the invoice. If the invoice is delivered to or picked up by the originating department with the ordered items, then the originating department should forward to immediately to accounts payable.

CITY OF ANNAPOLIS, MD
Policies and Procedures

Policy No: 230
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SUBJECT: Blanket Order Release Control Sheet Effective: 3/18/96

POLICY:

Two major control situations need to be addressed. The originating department needs to know that the items and prices authorized on the release form were ordered and purchased without alteration and that funds are available.

It is suggested that the issuance of releases be structured so that one person is responsible and accountable for its control. There will be some situations where items will be picked up locally and prices may not be known precisely. In this case, since the items and prices on the release must match the invoice, it will be necessary to take the originating department's yellow copy to the vendor so that exact prices can be noted and transcribed to the accounts payable copies before they are sent to accounts payable. When this situation occurs, the originating department must be very careful to check that no alterations were made between the time the release was authorized and the time the release copies were sent to accounts payable.

With regard to knowing whether funds are available for the release, the originating department may want to set up a system for tracking the available balances of its outstanding blanket purchase orders.

PROCEDURES:

1. Central Purchasing will prepare the blanket order release control sheet at the time of preparation of the blanket purchase order.

2. The control sheet will be sent to the departments with their regular copies of the P.O.
3. The departments will keep a running tally of releases as issued.
4. The control sheet, along with the green copy of the P. O. Must be forwarded to accounts payable when the P. O. Is completed or is to be terminated.

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Policy No: 235
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SUBJECT: Standing Orders

Effective: 3/18/96

POLICY:

Where appropriate and repetitively ordered supplies for which quantities and desired delivery periods are known are to be ordered, a STANDING ORDER may be utilized.

EXAMPLE: 36 cases of paper towels, C fold

This is a standing order for one year. Shipments are to be made each month on the first of the month beginning May 1, 1983, at the rate of 3 cases per month.

PROCEDURE:

This is really another form of blanket purchase order. Hence the basic procedure outlined under Policy 225 applies with the following exception: Since the "standing Order" details definite items with definite prices and definite delivery times, there is no need to specify names of personnel authorized to initiate releases or other terms and conditions other than those shown in the example above.

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Policies and Procedures

Policy No: 240
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SUBJECT: Formally Advertised Bids

Effective: 3/18/96

POLICY:

The purpose of this procedure is to provide a method for making major purchases and letting contracts in instances where sealed bids are desired. In general:

1. Formal sealed bids for major purchases and contracts can be expected normally to produce the best prices for the City. This is because the size of the transaction is attractive to vendors, and they have only one chance at making the best proposal.
2. Sealed bids are required by the City for Purchases of \$10,000 and construction contracts over \$30,000. The award of these bids must be approved by the Mayor and Aldermen, unless specifically provided in the operating budget. At the option of the Purchasing Agent the formal sealed bid procedure may be used for purchases under \$10,000 and construction under \$30,000.
3. The Mayor is the chief contracting officer for the City and the City Attorney, Public Works Director, City Engineer, Finance Director and Purchasing Agent have concurrent responsibility.

PROCEDURE:

1. Upon receipt of a requisition for a purchase by formal bid, the Central Purchasing office will do the following:
 - (a) Prepare specifications after consultation with the department.
 - (b) Assign a bid number.
 - © Advertise for bids in the local newspaper at least seven (7) full calendar days prior to the bid opening. For bids requiring considerable work on the part of the vendor, up to three (3) weeks prior notice by advertising will be given.

- (d) Prepare bid invitation package including:
 - cover sheet (includes bid title and number, closing date, place and time of opening, vendors bid and general conditions)
 - special conditions and instructions
 - special bid sheets

- 2. Pre-bid Conferences. For complex equipment, supplies or repair, pre-bid conferences with prospective bidders are desirable after draft specifications have been prepared. Such conferences help to detect unclear provisions and tend to widen competition by removing unnecessarily restrictive language. Conferences on purchasing bids will be called by the Purchasing Agent and may be attended by a department representative and the City Attorney.

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SUBJECT: Formally Advertised Bids

Effective 3/18/96

PROCEDURE:

- 3. Bid Deposits. Bid deposits of 5% may be requested of all bidders at the option of the City. A deposit may be in the form of cashier's check, certified check or a bid bond by a Surety licensed in the State of Maryland. If the successful bidder fails to accept the award, he forfeits the deposit. Bid deposits for the unsuccessful bidders are returned with the letter informing them of the award action.
- 4. Performance Bonds. Performance bonds for the full amount of the contract are required for all formal construction contracts. Performance bonds will be required for formal bid purchases only upon recommendation by the Purchasing Agent and approval of the Mayor. Such bonds will be employed in cases where there is significant potential for loss to the City resulting from unacceptable performance or default.
- 5. Bid Invitation Concurrences and Approval. Bid invitation packages shall be forwarded to the Mayor by memorandum from the Purchasing Agent, when appropriate. The forwarding memorandum shall have the written concurrence of the Department Director, Finance Director and City Attorney.
- 6. Central Purchasing shall mail bid invitation packages to vendors on the appropriate bid list maintained by that office. Bid invitations also shall be sent to other vendors who make a request.
- 7. Upon receipt of the bids from vendors, Central Purchasing shall do the following:
 - (a) Publicly open the bids on the exact day at the time and place specified.
 - (b) Read bids and announce the following:
 - name of bidder
 - presence of bid deposit if required. If a bid deposit was required but not submitted, the bid is not eligible and nothing else is read.
 - prices and total bid
 - terms

-delivery

- © Bids arriving after the hour designated for the opening shall not be considered and shall be returned unopened to the bidder.

8. Bid Award. Central Purchasing shall prepare a bid tabulation and coordinate the bids with the requesting department. A final check shall be made of the sufficiency of funds. The City Attorney shall be consulted if there are legal questions. The Purchasing Agent will prepare an appropriate memorandum

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SUBJECT: Procedures

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with concurrence of the Department Director, Finance Director and City Attorney recommending award action when appropriate.

9. After the award is approved, the Purchasing Agent shall send a letter to the successful bidder notifying him of the award and enclosing a purchase order. His bid deposit will be returned after delivery of the materials or services. Letters will be sent to the unsuccessful bidders notifying them of the results and returning their bid deposits.
10. Bid Files. The Purchasing Agent shall maintain a complete control file on all formal bids. This file shall be maintained by bid number with the file divided by fiscal years. The folder on each bid shall contain a copy of the following: bidder's list, bid invitation, general conditions, special conditions, specifications, bid sheet, bid advertisement, bids received, bid tabulation, evidence of award and contract (if any). Should an Addendum to the bid invitation package be mailed, the Certification stubs and Return Receipts shall be filed in the folders also.

SUBJECT: Bid Protest Procedures

Effective: 3/18/96

A. BID SOLICITATION AND SPECIFICATIONS PROTEST PROCEDURE

1. PROTESTING THE SOLICITATION AND SPECIFICATION DOCUMENTS

Protests not conforming to the following requirements will not be considered.

(a) NOTIFICATION REQUIREMENTS

Protest of solicitation or specification documents must be received by the City in writing by certified mail no later than fifteen (15) calendar days prior to the closing date for the receipt of proposals.

The envelope must be labeled "Attention: Bid Protest".

The protest must be mailed to:

CITY OF ANNAPOLIS
CENTRAL PURCHASING OFFICE
145 GORMAN ST., FLOOR 2R
ANNAPOLIS, MD 21401

(b) INFORMATION REQUIREMENTS

Protests must be fully supported with adequate technical data, test results or other pertinent information to support the protest. At a minimum, this must include the name, address, and telephone number of the protester; identification number of the project for which the protest is being filed; a statement of the reasons for the protest; support exhibits and evidence of documents to substantiate the protest; and a statement of the ruling desired from the City.

2. CITY'S RESPONSE TO THE PROTEST

(a) NOTIFICATION REQUIREMENTS

The City's response to protests will be postmarked by certified mail no later than ten (10) calendar days prior to a scheduled bid opening or ten (10) calendar days prior to the closing date for the receipt of proposals.

3. APPEALING THE DECISION OF THE CITY

(a) CIRCUMSTANCES UNDER WHICH AN APPEAL CAN BE MADE

The decision of the City shall be final except in instances of:

- I. Violations of Federal Law and regulations, and/or
- II. Violations of the City's protest procedure or the failure of the City to review a complaint or protest.

If the above circumstances exist, the bidder may appeal the decision of the City.

(b) NOTIFICATION REQUIREMENTS

An appeal of the decision of the City by a bidder or an adversely affected sub-contractor must be in writing and received by certified mail no later than five (5) calendar days prior to a scheduled bid opening or five (5) calendar days prior to the closing date for receipt of proposals. The notice of the appeal must specifically state that an appeal is being made and identify which decision(s) is being appealed.

The envelope must be labeled "Attention: Bid Protest".

The protest must be mailed to:

CITY OF ANNAPOLIS
CENTRAL PURCHASING OFFICE
145 GORMAN ST., FLOOR 2R
ANNAPOLIS, MD 21401

(c) DECISION OF THE APPEAL REVIEW COMMITTEE

The Appeal Review Committee will render a final decision on the appeal within thirty (30) calendar days after receipt of appeal. No further appeals will be considered.

B. BID AWARD PROTEST PROCEDURE

1. PROTESTING THE AWARD

Protests not conforming to the following requirements will not be considered.

(a) NOTIFICATION REQUIREMENTS

Protests of bid awards must be received by the Central Purchasing Office in writing by certified mail no later than seven (7) calendar days after the City mails formal notice to all bidders of the contract award.

The envelope must be labeled "Attention: Bid Protest".

The protest must be mailed to:

CITY OF ANNAPOLIS
CENTRAL PURCHASING OFFICE
145 GORMAN ST., FLOOR 2R
ANNAPOLIS, MD 21401

(b) INFORMATION REQUIREMENTS

Protests must be fully supported with adequate technical data, test results, or other pertinent information to support the protest. At a minimum, this must include name, address and telephone number of the protester; identification of the project for which the protest is being filed; a statement of reasons for the protest; any supporting exhibits, evidence or documents to substantiate the protest; and a statement of the ruling desired from the City.

2. CITY'S RESPONSE TO THE PROTEST

(a) NOTIFICATION REQUIREMENTS

The City's response to protests will be postmarked by certified mail no later than thirty (30) calendar days after the receipt of the written protest.

3. APPEALING THE DECISION OF THE CITY

(a) CIRCUMSTANCES UNDER WHICH AN APPEAL CAN BE MADE

The decision of the City shall be final except in instances of:

- I. Violations of State and Federal law or regulations
- II. Violations of the City's protest procedure or the failure of the City to review a complaint or protest.

If the above circumstances exist, the bidder may appeal the decision of the City.

(b) NOTIFICATION REQUIREMENTS

An appeal of a decision of the City must be in writing and received by

certified mail no later than seven (7) calendar days after the receipt of the decision. The notice of the appeal must specifically state that an appeal is being made and identify which decision(s) is being appealed.

The envelope must be labeled "Attention: Bid Protest".

The protest must be mailed to:

CITY OF ANNAPOLIS
CENTRAL PURCHASING OFFICE
145 GORMAN ST., FLOOR 2R
ANNAPOLIS MD 21401

(c) DECISION OF THE APPEAL REVIEW COMMITTEE

The Appeals Review Committee will render a final decision on the appeal within thirty (30) calendar days after receipt of the appeal. No further appeals will be considered.

(d) CONTRACT NOT EXECUTED

If a timely protest or appeal of the award occurs as described in these procedures, the procurement or contract shall not be executed until the review process is completed and a final decision is rendered or until a determination is made by the Finance Director that a contract award is required to protect the interests of the City. All affected vendors shall be notified promptly in the event that a protest or appeal has been filed.

C. APPEALS REVIEW COMMITTEE

1. COMPOSITION OF THE COMMITTEE

_____ The Appeals Review Committee shall consist of three members who are not City employees, appointed by the Director of Finance.

D. FEE SCHEDULE

For bids of \$10,000 or more, there will be a Protest Filing Fee of \$500. For bids under \$10,000, the fee shall be \$100. The fee may be refunded at the discretion of the Appeals Review Committee.

POLICY:

These purchases involve capital equipment and furniture whose long life and high value require that they be carried on the balance sheet and depreciated. Central Purchasing will initiate a purchase order for capital equipment ONLY when the properly approved Capital Outlay list has been received from the Mayor and Aldermen and the properly signed request for direct purchase has been received from the requesting department.

PROCEDURE:

1. Upon receipt of both properly signed and approved documents, Central Purchasing will review the specifications-with the requesting Department Director-to ascertain completeness and exactness.
2. Whenever possible Central Purchasing will research the market place for other manufacturers of the same or similar items and present its finding to the requesting department.
3. Whenever possible competitive bidding will be used to secure the best possible price for the City.
4. Where the item is a “sole source” item (i.e., available from only one manufacturer or source) Centra Purchasing will negotiate with that source to obtain the best price for the City.
5. Central Purchasing will spell out on all purchase orders all warranties, special instructions for installation, delivery, etc.

The City will apply the principles of the Prudent Buyer Concept (see policy 110) including participation in group purchasing, whenever it is to the advantage to the City to do so.

PROCEDURE:

Central Purchasing shall endeavor to participate in group purchasing programs found acceptable by the City. The degree of involvement will be determined by the Purchasing Agent. Whenever the group program can provide merchandise in a competitive manner, it should be given preferential consideration as a source of supply.

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SUBJECT:: Relations with Requisitioning

Effective: 3/18/96

POLICY:

The selection of the vendor is the responsibility of the Purchasing Agent. On Capital outlay items, Central Purchasing will work closely with the requisitioner and will obtain his

approval before officially selecting the vendor.

PROCEDURE:

1. No purchase commitment can be made (except for petty cash) without Central purchasing approval.
2. Requisitions must have department head approval or person delegated by him.
3. Requisitions for capital outlay must be previously approved in the budget by the Mayor and Aldermen and contain all the proper signatures before a purchase order will be placed.
4. Central Purchasing maintains a library for the use of all departments. This library contains lists of all American manufacturers and a great many catalogs of all types. In addition, a part of Central Purchasing's mission is to research any project of a purchasing nature for any department
Departments

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SUBJECT: Vendor Relations

Effective: 3/18/96

POLICY:

Procurement will be made from any reputable and dependable vendor.

PROCEDURE:

1. Salesmen may be received in other departments only at the request or permission of Central Purchasing.
2. If it is necessary to interview salesmen regarding details of their products, other departments should request such visits through the Purchasing Agent.
3. All correspondence with suppliers is to be through Central Purchasing except in special cases where the technical details involved make it advisable to delegate authority to others. In such cases, the Purchasing Agent must receive copies of all correspondence.
4. Central Purchasing will conduct all adjustment negotiations.
5. Central Purchasing will issue copies of a “vendor relations” leaflet to representatives who call upon the City.

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SUBJECT: Gifts and Entertainment

Effective: 3/18/96

POLICY:

It is the policy of the City to discourage the acceptance by employees of gifts or entertainment from vendors or their representatives. Such acceptance cannot help but put the recipient under obligation.

PROCEDURE:

Central Purchasing employees, like all other employees, value their independence and do not wish to accept gratuities in any form. However, here is nothing questionable or unethical in lunching with a salesman to give him a better opportunity to present his case, provided this is a recognized benefit to the City.

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SUBJECT: Personal Purchases for Employees

Effective: 3/18/96

POLICY:

Central Purchasing is not permitted to process or negotiate personal purchases for employees of the City.

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SUBJECT: Check Request

Effective 3/18/96

POLICY:

The purpose of this policy is to authorize the use of a check request for certain payments for items and services where the purchase order procedure is inappropriate. A check request is not to be used for the purchase of supplies, materials and equipment. The Purchasing Agent is responsible for monitoring the use of the check request procedure and taking appropriate action in instances of apparent abuse. The following are examples of transactions that may be appropriate for check requests:

- advertising (legal ads, radio announcements, etc.,)
- allowance for travel, meals, etc.
- appraisal fees
- claims

- freight bills not covered by a purchase order
- insurance premiums
- medical examinations
- postage permits
- real property acquisition
- refunds
- tuition fees for educational purposes
- utility bills (water, gas, power, telephone, etc.)

PROCEDURE:

1. The check request form is completed by the department in original and two copies. All copies are forwarded to Finance.
2. Distribution of the three copies by Finance is as follows:
 - white (original) retained by Finance in the check voucher file.
 - Yellow is returned to the department to confirm that payment was made.
 - Pink is sent to payee with check.
3. Multiple transactions with the same payee may be included on the same form.

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SUBJECT: Equal Opportunity Provision Effective 3/18/96

POLICY:

This City observes the provisions relating to discrimination in employment practices set forth in policy 200, procedure 14 and 15 of the Purchasing Policy and Procedure Manual of the City of Annapolis. Vendors providing materials and services to this City are also expected to observe those provisions.

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SUBJECT: Emergency Purchases

Effective: 3/18/96

POLICY:

The purpose of this procedure is to provide departments an approved procedure for purchasing items when an emergency exists and normal purchase procedures cannot be followed and shall not be used unless the need is a bona fide emergency. This emergency procedure shall not be used to circumvent a purchase order requesting system in a requesting department which responds slowly to purchase order requests.

An emergency purchase is defined as one brought about by a sudden unexpected turn of events (i.e., acts of God, riot, fires, floods, accidents or any circumstances beyond the control of the agency in the normal conduct of its business) involving health, welfare, injury or loss and which can be rectified only by immediate purchase of equipment, supplies or services.

PROCEDURE:

Emergency purchases may be made without regard to standard procedures. Such purchases shall be confined to bona fide emergencies, and any request for an emergency purchase which does not conform to the definition set forth in paragraph two above will be

rejected. The senior City official available shall determine that an emergency does exist. Contact shall be made with the Purchasing Agent, Finance Director or the Mayor if the emergency occurs during normal working hours. After normal working hours, emergency purchases may be made with the senior official available assuming full responsibility that an emergency does exist. Emergency purchases shall be reported to the Purchasing Agent on the next work day.

After the emergency purchase is made, a confirming requisition shall be submitted along with a written explanation of the emergency which prompted the purchase. The confirming requisition must be received in Central Purchasing no later than two working days after the emergency purchase has been approved. A request for an emergency purchase will be rejected by the Purchasing Agent if the requesting department has any confirming requisitions for emergency purchases still not received by Central Purchasing after two working days. The rejection will stand until all late confirming requisitions have been received.

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SUBJECT: Purchase Requisition

Effective 3/18/96

POLICY:

The purpose of the requisition form is to order apparatus, supplies, materials, services and equipment. The requisition is an authorization for the Purchasing Agent to make a purchase and is used as a worksheet for preparation of the purchase order.

A requisition is required to initiate all purchases for which a purchase order is issued. This includes normal purchases of less than \$10,000, sealed formal bid purchases, periodic office and janitorial supply purchases and requests to have a blanket purchase order issued. Purchase requisitions are also required for "confirming" purchases and emergency purchases but they are submitted after the purchase as documentation. The only purchases not requiring a requisition are individual purchases under the blanket purchase order procedure, petty purchases and exceptions as noted under procedures for check request and voucher stamp use.

PROCEDURE: (Departmental)

1. Form Used: The purchase requisition is a two-part form.
White (original) - Central Purchasing copy
Green (copy) - Department copy
2. Preparation: The requisition should be typed or printed by the requesting office and provide the following information:

- (a) Date Issued: This is the date the form is prepared.
- (b) Account Number: This is the department account to be charged. If more than one account is to be charged the distribution of charges should be explained on the body of the requisition. A department should not submit a requisition against an account unless the unobligated account balance is sufficient to cover the estimated cost of the purchase.
- © Department and Division: Indicate the organizational designation of the requesting office.
- (d) Requisitioned By: Type or print name of person initiating the request. This space should also be initialed by the requesting employee.
- (e) Required Delivery Date: This should be the date by which the department must have the items requisitioned. Merely entering "ASAP" is not acceptable.
- (f) Delivery Instructions: Indicate the department and address, including room number where appropriate, to which delivery is to be made.
- (g) Purchase Order Number: Leave blank unless this is a "confirming" requisition for which a purchase order number has already been issued, or is a requisition against a term contract purchase order already issued.
- (h) Date Ordered: Leave Blank.
- (I) Terms: Leave Blank.
- (j) Ship Via: Complete if known.

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SUBJECT: Purchase Requisition

Effective 3/18/96

PROCEDURE:

- (k) F.O.B: Complete if known. As a general rule, purchases are made F.O.B. "Destination".
- (l) Item No: Number items consecutively.
- (m) Quantity: Number of units desired.
- (n) Unit: Indicate the unit, e.g., ea., dz., gr., ctn., lb., cwt.
- (o) Description: The description column should contain the name for the item requested and size or any other pertinent descriptive information. Catalog numbers and part number are sometimes important; however, merely citing a catalog or part number is not acceptable.
- (p) Unit Price: Provide if known; otherwise, estimate the price.
- (q) Amount: Make extension by multiplying quantity time the unit price.
- (r) Recommend Sources: If the department has a suggested supplier, that information should be given. For purchases under \$1,000, departments are encouraged to obtain a least two quotes and suggest a supplier. The department should note on the requisition or on an attachment the quotes that were obtained. The Purchasing Agent will get additional quotes, if he/she deems advisable.

For purchases over \$1,000, the department may suggest possible suppliers (unless a vendor list satisfactory to the department is known to be on file in the Purchasing Office). Central Purchasing is responsible for obtaining quotations. The Purchasing Agent, in collaboration with the department, will determine the vendor.

- (s) Signature: Requisitions must be approved and signed by the department head or his designee. If the approval authority has been delegated by the department head, a copy of the delegation along with a sample signature must be on file in the Central Purchasing Office.
3. Confirming Requisitions: In instances where a confirming purchase order is obtained by the department to expedite a purchase, it is necessary to submit a “confirming requisition” within two (2) working days. The requisition is prepared the same as above, except the words CONFIRMING REQUISITION are typed in caps and underlined in the “description” block on the requisition.

PROCEDURE: (Central Purchasing Office)

1. Fund Availability: Fund availability and proper account designation are verified by the Purchase Agent or an accounting clerk.

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SUBJECT: Purchase Requisition

Effective 3/18/96

PROCEDURE: (cont'd)

2. Price Checking: The Purchasing Agent obtains additional prices if they are believed useful. Normally at least two telephone quotes are obtained if the purchase is under \$1,000 and at least three written quotes are obtained for purchases between \$2,500 and \$10,000.
3. Editing of Requisition: All entries on the requisition which are to be transferred to the purchase order are edited for accuracy and completeness.
4. Terms: The Purchasing Agent is responsible for negotiating best terms with vendors. Net 30 days and a cash discount for early payment is sought. Trade discounts should be noted on the body of the requisition by totaling the extensions and applying the trade discount to the total.
5. Ship Via: Indicate mode of shipment.
6. F.O.B: Indicate “Destination” unless vendor insists on quoting price at shipping point with the City responsible for freight charges.
7. Vendor: The Purchasing Agent selects the vendor in collaboration with the department. Selection is made on the basis of price, quality and performance. The vendor’s name and complete address is entered in the block labeled “Purchasing Use Only”.

8. Purchase Order Number: This number is entered after the purchase order is typed.
9. Date Ordered: This is the date of the purchase order.
10. Filing: After preparation of the purchase order, the original copy of the requisition is filed chronologically and within date, by account number. A new file is started each fiscal year.

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Policies and Procedures

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SUBJECT: Purchase Order

Effective 3/1/96

POLICY:

The purchase order serves as the authorization to the supplier to furnish a product or service to the City. It is used to encumber funds and thus assures suppliers that funds are available for payment of their invoices. Generally,

- (a) Purchase orders are not written without the Central Purchasing Office first receiving a purchase requisition from the ordering department;
- (b) Confirming orders will not be issued to suppliers once an order has been placed by the department without an authorized purchase order number;
- © The Purchasing Agent must authorize all purchase orders; and
- (d) All changes and/or adjustments to purchase orders will be done on a purchase order change request.

PROCEDURE:

1. Purchase orders are prepared in the Central Purchasing Office on serially numbered 6-part forms. The distribution and use are as follows:
 - (a) White (original) - vendor copy
 - (b) Pink - Finance Department copy, Used to encumber funds. It is also temporarily used in a follow-up file of open purchase orders; then filed permanently in a numerical file by fiscal year.
 - © Goldenrod - Central Purchasing Office copy.
 - (d) White (copy) - Central Purchasing copy. Filed by vendor and within vendor, by number.
 - (e) Green - receiving copy. Sent to department for documenting receipt and then returned to Finance where it is matched with invoice and filed permanently in the paid invoice file by vendor. A new file is started each

fiscal year.

- (f) Yellow - departmental copy. Sent to department to be matched with their copy of the purchase requisition and retained.
- 2. Fund Availability: A preliminary check on fund availability is made by Central Purchasing before typing the purchase order. Purchase orders are entered daily on the computer to encumber funds before releasing to the vendor.
- 3. Confirming Purchase Orders: If the purchase order is a confirmation of an order already placed, the words "CONFIRMING ORDER" are typed on the body of the purchase order in the "description" column. Normally, the vendor copy is destroyed in order not to risk a second shipment.

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SUBJECT: Purchase Order

PROCEDURE: (cont'd)

- 4. Shipping Instructions: Since there is no allotted space on the purchase order for shipping instructions, those instructions should be typed at the bottom of the "description" space. In order to avoid misunderstanding with the vendor, the words "F.O.B. DESTINATION" should be typed in caps and underlined, unless other freight payment arrangements are made.
- 5. Purchase orders are processed as follows:
 - (a) The Purchase Order, after signing by the Purchasing Agent, is distributed and the pink copy taken to the Finance Department to encumber the funds.
 - (b) Finance enters the encumbrance on the computer, and retains the Finance Department (pink) copy.
 - © Central Purchasing distributes the copies as follows:
 - white to vendor
 - goldenrod and white copy are retained in Central Purchasing
 - green and yellow to the ordering department
 - (d) When delivery has been completed, the department will complete the "delivery record" on the green copy of the purchase order and forward it immediately to the Finance Department where it will be matched with the vendor invoice and paid.
- 6. Central Purchasing's responsibility for an order does not terminate with the making of a satisfactory contract. Central Purchasing bears the full responsibility for an order until the material is received, inspected and accepted.

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SUBJECT: Purchase Order

Effective 3/18/96

POLICY:

For use by Central Purchasing, the following information must appear on all purchase orders:

- (a) Vendor's name, address, vendor number and terms
- (b) Date order was placed
- © Ordering department and their account number
- (d) F.O.B. point
- (e) Special shipping instructions, if any
- (f) How price was obtained (i.e., person quoting, catalog, written quotation, letter, etc.
- (g) Item number
- (h) Quantity
- (I) Unit being ordered
- (j) Item description
- (k) Unit price
- (l) Extended price
- (m) Signature

SUBJECT: Purchase Order Change Request Effective 3/18/96

POLICY: See Policy 305

PROCEDURE:

1. Purchase order adjustments require change notices to cancel, alter, change the price or otherwise modify the purchase order as originally issued. This will be accomplished by use of the "Purchase Order Change Request", and shall be generated by the requesting department.
2. The following information will be included:
 - (a) vendor name, address and vendor number
 - (b) date
 - © Reference to order number and date
 - (d) details of change desired and effective date
 - (e) original purchase order amount
 - (f) effected account number
 - (g) explanation for requested change
3. Change order request should be forwarded to Central Purchasing for review, fund availability check and approval.
4. Copies will be sent to the following"
 - Copy 1 - Vendor
 - Copy 2 - Accounting
 - Copy 3 - Central Purchasing (to be filed with vendor file copy of order)
 - Copy 4 - Central Purchasing change order log
 - Copy 5 - Originating department
5. The vendor copy has a space for vendor acknowledgment of the change. When this is returned to Central Purchasing it too is filed with the vendor file copy of the order.

SUBJECT: Request for Quotation

Effective: 3/18/96

POLICY:

The Request for Quotation form is used when a potential supplier is asked to furnish prices and terms on a contemplated purchase. The RFQ form describes the proposed purchase in detail, including a description of the item, quantity required, time and place of delivery and the date by which the bid must be received in order to be considered.

PROCEDURE:

1. All appropriate areas must be completed.
2. The RFQ must be signed by the Purchasing Agent or his designee.

SUBJECT: Tabulation of Bids

Effective 3/18/96

POLICY:

This form will be used in the tabulation of all bids.

PROCEDURE:

For use by Central Purchasing

1. The following information will be recorded
 - (a) number of RFQ's or invitations issued
 - (b) number of RFQ's or invitations received.
 - (c) RFQ or invitation control number assigned, if any
 - (d) opening date of bid.
 - (e) bidder's name and discount terms
 - (f) F.O.B. point
 - (g) delivery time
 - (h) item number and description
 - (l) price tabulation

2. The form will be filed with all other pertinent information in the contract file.

SUBJECT: Cost Reduction Form

Effective 3/18/96

POLICY:

A Cost Reduction Form will be completed on all transactions showing cost reductions.

PROCEDURE:

1. All applicable line will be filled in including method or methods through which the cost reduction was achieved.
2. The Purchasing Agent will review all forms and include them in a report to management.

1. Sound competitive bidding practice demands that Purchasing be willing to do business with every vendor from whom we solicit a bid (therefore, every vendor requested to bid must be determined in advance to be qualified suppliers for the job in question).
2. Whenever the lowest bidder does not receive the contract, Purchasing is required to explain their decision. A short memorandum to this effect should be filed with the order or with the quotation analysis.
3. Each vendor will be allowed one bid on a competitively bid contract. In the interest of fairness, all vendors must be accorded the same treatment. Purchasing will treat all bid data confidentially and will not divulge one bidder, either before or after the contract has been awarded. Unless a public bid opening has been decided upon in which case all bidders are invited to the bid opening and bids are opened and read aloud in their presence. All bidders should be advised of the bid closing date, and no bids will be accepted after this date. If, for extraordinary reasons, the bid date is extended to give an interested vendor more time, it is Central Purchasing's responsibility to notify ALL bidders of the new bid closing date.

The rules of common courtesy require that Central Purchasing notify all unsuccessful bidders that the contract has been awarded. It is most important that bidders be told of their failure to get the contract in a courteous and objective manner. Although a vendor realized he cannot get every order, he is likely to be more competitive on future jobs if he is not dissatisfied with his treatment on the current job.

In order to insure continuity and understanding between Central Purchasing, the departments and accounts payable, the following unit of issue designations will be used on all purchase orders:

AM..Ampoule	CB..Carboy	GP..Group	OT..Outfit	RO..Roll
AT..Assortment	CD..Cubic Yard	GR..Gross	OZ..Ounce	SD..Skid
AY..Assembly	CE..Cone	HD..Hundred	PD..Pad	SE..Set
BA..Ball	CF..Cubic Foot	HK..Hank	PG..Package	SF..Square Foot
BD..Bundle	CK..Cake	JR..Jar	PM..Plate	SH..Sheet
BE..Bale	CL..Coil	KT..Kit	PR..Pair	SK..Skein
BF..Board Foot	CN..Can	LB..Pound	PT..Pint	SL..Spool
BG..Bag	CO..Container	LG..Length	PZ..Packet	SO..Shot
BK..Book	CY..Cylinder	LI..Liter	QT..Quart	SP..Strip
BL..Barrel	CZ..Cubic Meter	MC..Thousand		SX..Stick
BO..Bolt	DR..Drum	Cubic Ft.	RA..Ration	SY..Square Yard
BR..Bar	DZ..Dozen	ME..Meal	RL..Reel	TN..Ton
BT..Bottle	EA..Each	MR..Meter	RM..Ream	TO..Troy Ounce
BX..Box	FT..Foot	MX..Thousand		TU..Tube
CA..Cartridge	GL..Gallon		VI..Vial	
				YD..Yard

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Policy No: 500
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SUBJECT: Line of Authority

Effective: 3/18/96

POLICY:

The primary responsibility for Central Purchasing is vested in the Purchasing Agent, who reports to the Director of Central Services.

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Policy No: 502
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SUBJECT: Ethical Conduct Regarding Information

POLICY:

The City is entitled to undivided loyalty from all employees and particularly those charged with purchasing goods and services. There is no excuse for volunteering information concerning the City business to ANYONE outside Central Purchasing. Such information is the property of the City and there is no ethical consideration involved in declining to reveal it. All such information is confidential, and the purchasing employee is certainly under obligation to

refrain from disclosing such confidential City information. To do so would rebound to the City's economic disadvantage. Cost information, including in-house costs of all kinds, as well as the cost of purchased materials, is also City-confidential in nature. It is desirable to make available to suppliers as much information as possible concerning the materials being purchased. The more information provided as to the desired functions of the purchased material and the environment under which it will operate while in service, the more likely the possibility of securing the best possible materials for the application in question. On the other hand, the purchasing employee is not obligated to disclose, and in fact, MUST refrain from disclosing, such information as the intention of the City to secure competitive advantages by using new products, etc. The City is entitled to ethical conduct by employees at all times. Employees are people and cannot be expected to divorce themselves wholly from their City associated after business hours, however, the amenities of social conduct should not include conduct incompatible with the City's interest.

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Policy No: 504
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SUBJECT: Gifts and Entertainment

Effective 3/18/96

POLICY:

City policy prohibits the acceptance by any of its employees of gifts, either in kind or money or of excessive entertainment, from a vendor or a potential vendor. Gifts would include any items offered to you or your immediate family which are not obviously in the nature of advertising. "Excessive entertainment" shall include but not be restricted to transportation of other than a business nature beyond that of an intra-city nature and overnight accommodations. It is not intended that this restriction include in the bona fide business lunch. It is recognized that there is a place for such meetings and that, if correctly structured, they have a beneficial

purpose. However, caution should be taken to be certain that such lunches do not become a regular occurrence with selected vendor representatives or that the impression is given that such lunches are a requirement of doing business with the City.

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SUBJECT: Conflict of Interest

Effective: 3/18/96

POLICY:

Any City employee who has any financial or other interest in a supplier company either directly or indirectly through members of his immediate family shall so report such financial or other interest in writing, to the Purchasing Agent. The Purchasing Agent will decide whether the interest in question is of sufficient magnitude as to warrant the disqualification of the supplier from participating in proposed purchases with the City.

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Policy No: 508
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SUBJECT: Relations With Other Departments

Effective 3/18/96

POLICY:

Central Purchasing supplies the purchasing needs of all departments of the City. In performing this function it is charged with optimizing the combination of quality, service and economy in the area of service is reflected, to a great extent by the attitude of the other departments in our daily relations.

Central Purchasing is in constant touch with other departments and cooperation and mutual confidence are absolutely essential. The Purchasing Agent should be knowledgeable of and must be in sympathy with the particular requirements of the various users of material or equipment and must exercise tact, discretion and diplomacy to establish and maintain harmonious relations with these users.

The Purchasing Agent is the real link between the other departments in the City and its

potential and existing suppliers. How well the buyer coordinates and performs his duties as the liaison in eliminating the bottlenecks, errors and inefficiencies in the satisfying of needs has great influence on the performance of other departments, and the overall performance of the City.

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Policy No: 510
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SUBJECT: Relations With Vendors

Effective: 3/18/96

POLICY:

It is the purpose of this policy to (1) inform new and inexperienced Purchasing personnel of a common purchasing philosophy recognized by business and industry alike and supported fully by the City, concerning the importance of good relations between the City and its suppliers and (2) to reaffirm that philosophy to seasoned Purchasing personnel as the City's basic purchasing policy for a day to day relations with salesmen.

Goodwill, like good people is a valuable asset to the City and, over the years, has contributed significantly to the success and growth of the City. You, as members of the Central Purchasing, have a real opportunity and major responsibility for the reputation of the City and the goodwill which it commands.

Central Purchasing's relations with salesmen provides a contact through which the good name of the City of Annapolis may be enhanced or it may be injured. Keeping in mind that our

daily contacts with suppliers form much of the basis for their opinion of the City, all Purchasing personnel should do everything possible to maintain and promote the City of Annapolis as an organization noted for fairness, integrity, service, progressiveness and friendliness

PROCEDURE:

All Central Purchasing personnel can and should exercise these attributes of:

Fairness

- (a) by giving all salesmen a full, fair and courteous hearing on any subject that is justified by the nature of the product and the needs;
- (b) by keeping competition open and fair;
- © By declining to take advantage of a seller's errors;
- (d) by discouraging revisions of bids after submission and insisting on receiving the best price first and holding the bidder to it.

Integrity

- (a) by observing strict truthfulness in all verbal and written transactions with salesmen;
- (b) by respecting the confidence of the salesman or his company regarding quotations or other confidential information;
- © by stating the reasons for rejection of bids or for awarding business elsewhere as fully as possible without betraying confidential information.

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SUBJECT: Relations With Vendors

Effective: 3/18/96

PROCEDURE (cont.)

Service

- (a) by receiving salesmen promptly or, if impossible, explaining and making a definite appointment. Remember: his time is also valuable;
- (b) by answering letters promptly;
- © by an efficient follow-up system.

Progressiveness

- (a) by keeping an open mind on new products and materials offered;
- (b) by visiting, when advisable, sources of supply and keeping informed regarding their methods of doing business.

Friendliness

- (a) by maintaining a friendly, but businesslike approach, in all dealings with suppliers. Friendship is a matter apart from money. It has been and always will be an important factor in business. On a proper plan, it is to be encouraged between buyer and seller, for it can be of great advantage

to both parties. To confer with business friends when a new item is suddenly required is the quickest and surest way to find the best market and best price. When it is difficult for Purchasing to secure an article quickly, a seller, for the sake of friendship, will undertake to supply it and will put himself to much inconvenience to do so. It is the duty of Central Purchasing to procure the best possible products for a given service and at the best possible prices, regardless of the source of supply from which they may be obtained.

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SUBJECT: Determining Method of Procurement Effective: 3/18/96

POLICY:

The method of procurement for (except noted exceptions) all purchases transactions to be handled by Central Purchasing will be determined by the following procedures. The noted exceptions are:

1. All capital outlay requests (see policy 245)
2. Emergencies (see policy 285)
3. Sole source items (see policy 528)
4. Negotiated contracts (see policy 526)
5. Check request
6. Voucher stamp

PROCEDURE:

1. All requests for purchases ranging from \$0.00 to \$1,000 (except noted exceptions) may require only routine procurement, i.e., the use of the telephone to obtain quotations from several suppliers and recording any notes on the requisition form.
2. All requests for purchases ranging from \$1,001 to \$2,499 (except noted

exceptions) may require at least three telephone quotations which will be recorded on a telephone quotation form, made a part of the purchase order file (see policy 520)

3. All requests for purchases ranging from \$2,500 to \$9,999 (except noted exceptions) may require utilization of a "Request for Quotation" to at least three suppliers (see policy 522). When the issuance of a request for quotation is indicated, it is necessary to exercise the same care in its preparation as in the writing of a purchase order. The request should specify the material in detail and spell out the quantity, delivery requirements, and terms under which the bid will be considered. It should also be stated the date on which the quotation must be received.
4. All request for purchase ranging from \$10,000 up (except noted exceptions) may require a formally advertised bid to at least three and preferably five or more suppliers in order to obtain ample competition whenever possible to insure receiving a fair price (see policy 524).

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SUBJECT: Purchase Requisition

Effective 3/18/96

POLICY:

For any specific need, the individual, department, etc., requiring the item fills out a purchase requisition for it. (See Policy 300, Purchase Requisition) This form serves to notify Central Purchasing of the requirement, authorized the expenditure when properly signed, and provides a filed record.

PROCEDURE:

1. All requisitions will be time and date stamped immediately upon their receipt in Central Purchasing.
2. Central Purchasing will review each requisition for completeness of specifications, proper authorizing signatures, proper accounting codes and date needed.
3. Central Purchasing will completely fill in all necessary information in spaces provided to be certain all needed facts are included to aid in preparing the purchase order. This information includes:
 - (a) date the order is placed
 - (b) promised delivery date

- © Name and address of vendor
- (d) department ordering
- (e) accounting code (account number to be charged)
- (f) terms (i.e., 2%-10, net 30, etc.)
- (g) F.O.B. point (i.e., factory, Austin, TX, destination, etc.)
- (h) ship via (i.e., UPS, prepay & add, air freight)
- (I) prices quoted by (Mr. R. Jones, catalog, letter, written quote, etc.)
- (j) special instructions, if any entered on the delivery instructions section, for example: Deliver directly to Fire Station 35, or enter directly in the body of the purchase order itself, for example: a multi department order in which each the department's account number would be entered for accounting purposes.
- (k) all quoted prices and extensions thereof with a grand total in space provided.
- (l) the Buyer will make certain that all noted information is included on the purchase order when typed
- (m) once the purchase order has been typed, signed and distributed the buyer will file the purchase requisition by department name chronologically.

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SUBJECT: Specifications

Effective: 3/18/96

POLICY:

It is necessary for the Purchasing Agent to know precisely what he plans to purchase. This knowledge depends, in the first place, on the requisitioner's adequately describing his requirements. Conversely, the Purchasing Agent must know when the requisitioner has not adequately described the require purchase.

The need to know precisely what must be bought does not necessarily mean the Purchasing Agent needs to know a great deal. Generally, the end use of the materials will determine the amount and kind of information that must be assembled for a knowledgeable procurement.

An extensive list of actors, relating to material, that may have a bearing on the selection decision may be helpful. The Purchasing Agent is cautioned to be concerned only with those that are important to the requirement at hand.

Descriptive information may state required physical characteristics, desired performance, essential processes, or special packaging requirements. Whatever the nature of the information it provides the buyer with a specification to be met. Quality specifications may include, but are not limited to:

dimension	Finish
weight	Appearance
physical properties	design
chemical analysis	value for the price
performance characteristics	reliability

Price schedules for many materials show a variation in price for different levels of quality. The higher the quality, the higher the price because to achieve higher quality the seller must use additional steps and/or more costly quality control methods. The important point for the buyer to remember is that the lowest quality which will serve the function required is usually the most economic quality to purchase. To buy at a higher quality level usually means paying a premium price for quality that is not required.

Quality specifications cannot be written in detail into every purchase order or purchase agreement, but a quality specification is a necessary part of every purchase agreement. This may be accomplished by reference to:

- established buyer specifications
- established vendor specifications
- blueprints
- catalog references
- trade names

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SUBJECT: Specifications

Effective 3/18/96

POLICY (cont.)

- Engineering association specifications
- industry association standards
- hospital standards
- government specifications
- brand names or equal

Quality is obtained:

- By accurately specifying the requirements
- By adequately specifying the requirement
- By selecting vendors who have the capabilities and know how
- By mutual understanding of the requisitioner's needs

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SUBJECT: Selecting Suppliers

Effective: 3/18/96

POLICY:

Once the material requirements is clearly understood, the Purchasing Agent can turn his attention to an understanding of the supplying market. This step will identify the characteristics of appropriate suppliers, this enabling the buyer to select a bidders list of comparable, capable competitors more easily.

Supplier selection is the most important milestone in the purchasing process. Moreover, the selection must be reviewed periodically to see that is remains valid as time alters circumstances.

The selection process is always a part of the purchasing process. It may be an almost unconscious decision, made in a fraction of a second, as the buyer reaches for the catalog of a particular distributor. It may, at the other extreme, require an extensive analysis of complex, competing proposals for something as sophisticated as a major municipal system. Such decisions may take as long as a year. At either end of the scale, as decision must be made.

When the Purchasing Agent has determined the precise materials requirement and the appropriate characteristics of potential suppliers, he can assemble a list of prospective sources. White it may be difficult to know as much about the suppliers as the Purchasing Agent would like at this stage, if a reasonably good analysis has been made, a number of sources who can probably meet the requirements may be listed. It may be satisfactory to identify as few as two or three to generate adequate competition for a generally available supply item or material. However, it may be wise to identify as many as a dozen potential suppliers when the nature of the competition will probably extend beyond price to design support, filed service, special material, or other complex criteria.

There are a large number of sources for published information concerning prospective suppliers and also a large number of random sources for supplier information. The following list is comprehensive, but not all-inclusive:

1. Published sources
 - (a) Thomas Register of American Manufactures
 - (b) Cover-Mast Purchasing Directory
 - © U.S. Industrial Product Directory
 - (d) Guide to Minority Suppliers
 - (e) Books in Print

2. Industry sources
 - (a) Industry Associations
 - (b) Trade Associations
 - © Professions Magazines and Journals

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SUBJECT: Selecting Suppliers

Effective 3/18/96

POLICY (cont):

3. Classified Telephone Directories

4. Manufacturer's catalogs and sales literature

5. Random Sources
 - (a) Interviews with salesmen
 - (b) Interviews with other buyers
 - © Trade and product shows
 - (d) Interviews with personnel from other functions

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Policy No: 517A
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SUBJECT: Minority Procurement Program

Effective: 3/18/96

POLICY:

This policy recognized that an active program of seeking out, assisting and buying from minority suppliers is essential to the realization of progressive social and economic development of the nation. This policy is stated to express the City's intend and as a guide with respect to fostering participation by minority suppliers among our services for materials, products and services and to provide an opportunity for these minority suppliers to develop into competitive members of our economic and business community by serving as an outlet for their goods and services.

PROCEDURE:

1. Central Purchasing will provide its technical assistance to minority vendors whenever and wherever possible. Qualifiable as well as qualified vendors will be utilized.
2. Interaction of program with outside sources, to include: The Md-DC Minority Purchasing Council, governmental agencies, other companies and cities with similar interests, and non-profit developmental organizations.
3. The program is to become as extension of current purchasing philosophy and practiced on an on-going basis.

SUBJECT: Purchase Order

Effective 3/18/96

POLICY:

(See Policy 310)

PROCEDURE:

1. The Purchasing Clerk will accurately type the purchase order using information given by the Purchasing Agent on the purchase requisition. Particular care should be taken to ascertain that all information provided by the Purchasing Agent is transferred to the purchase order. While all information is equally important, special attention should be given to make sure "price quoted by" information is given. This is very important when someone other than the Purchasing Agent who placed the order has to trace a discrepancy. Also quoted terms must appear so that no discounts will be lost by accounting. Special instructions, if any, must appear on the purchase order. The Purchasing Agent must make certain this information is provided.
2. Once the Purchasing Clerk has prepared the purchase order, it will be reviewed and signed by the Purchasing Agent.
3. Once signed, the purchase order is broken down to its six parts and mailed and distributed.
4. The "vendor file" copy of the purchase order is filed by the Purchasing Clerk, in the alphabetical vendor file by vendor name and numerically by purchase order number within each vendor's file.

SUBJECT: Telephone Quotations

Effective 3/18/96

POLICY:

All requests for purchase ranging from \$1,001 to \$2,499 (except noted exceptions, see Policy 512) may require at least three telephone quotations which will be recorded on a "Telephone Quotation" form and made a part of the purchase order file.

PROCEDURE:

1. The buyer will fill out all necessary information on the telephone quotation and forward it with the purchase requisition to the Purchasing Clerk.
2. Once the purchase order has been typed and signed and is ready for distribution, the Purchasing Clerk will attach the telephone quotation form to the vendor file copy and file both in the vendor file.

SUBJECT: Informal Quotations

POLICY:

All requests for purchases ranging from \$2,500 to \$9,999 (except noted exceptions) may require the use of a "Request for Quotations" form.

When the issuance of a Request for Quotations is indicated, it is necessary to exercise the same care in its preparation as in the writing of a purchase order. The request should specify the material in detail and spell out the quantity, delivery requirements and terms under which the bid will be considered. It may also be desirable, although not necessary, to state whether the bids will be accepted, and the date and time at which bids must be received.

PROCEDURE:

See Policy 415

POLICY:

All requests for purchase ranging from \$10,000 up may require a formally advertised bid (see also policy 240). However, obtaining formal bids requires time that can usually be justified only for purchases of some magnitude.

PROCEDURE:

The Purchasing Agent must first consider the following guidelines before beginning formal advertising procedures:

1. Have definite specifications for the article(s) to be purchased.
2. Check for a widespread manufacture of the item, to insure a bidding market.
3. Have interested bidders in mind.
4. Allow adequate time for the formalities involved in advertised procurement.
5. If the item(s) must be purchased in a time frame which would not allow for advertising or if any other requirements cannot be met, the Purchasing Agent should not advertise. Negotiation for the desired item must then be accomplished.

competitive market or the ability to set forth the exact, detailed specifications of the equipment or materials to be purchased or the needed item(s) available from only one source. When these and other criteria are lacking or totally absent, the buyer must then resort to negotiation with the supplier to secure the best advantage he can for the City.

Sometimes when certain kinds of equipment or materials are to be purchased, or when a specific job is to be done, direct competition may not be present because the offerings of the various bidders are not identical. Different pieces of equipment have individual features, although they may be intended to do the same job. Technical assistance may be required to evaluate the bids.

When a construction or installation project is to be accomplished, the ability of all interested contractors to perform may be questionable to the point that only one is considered qualified. Familiarity with supplier's facilities, specially trained employees, or a record of previous accomplishments may favor one contractor to the exclusion of all others. In such circumstances, negotiations may be used to establish the scope of the project and the right or fair price.

The art of negotiation provides the Purchasing Agent with perhaps his finest opportunity to improve the City's position and to obtain the recognition not usually accorded one who merely checks price lists or bids.

Procurement by negotiation is the art of arriving at a common understanding through bargaining on the essentials of a contract, such as delivery, specifications, price and terms. Because of the interrelation of these factors with many others, it is a difficult art and requires the exercise of judgement, tact and common sense. The effective negotiator must be a real shopper, alive to the possibilities of bargaining with the seller. Only through an awareness of relative bargaining strength can a negotiator know where to be firm or where he may make permissive concessions in price or terms.

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SUBJECT: Sole Source Purchases

Effective: 3/18/96

POLICY:

The purpose of this policy is to describe the conditions under which sole source

procurement is appropriate and the procedure for making such purchases. Generally,

1. There are several items which because of proprietary, technological, specialized or unique character, can be purchased from only one supplier. This supplier is the only acceptable vendor who is able to furnish this item or service, and
2. The Purchasing Agent is responsible for making sole source determinations relating to purchases by the City.

When making a single source determination, the following factors must be considered:

- Is there a lack of responsible competition for the item?
- Does the vendor possess exclusive and/or predominant capabilities?
- Is the product or service unique and easily established as one-of-a-kind?
- Can program requirements be modified so that competitive products or services may be used?
- Are there patented or proprietary rights that fully demonstrate: a patented feature providing a superior utility not obtainable from similar products; or a product available from only one prime source, and not merchandized through wholesalers, jobbers, or retailers, where the elements of competition could be encouraged.

PROCEDURE:

1. The Purchasing Agent may declare any purchase a sole source item and waive requirements for obtaining competitive quotations.
2. The Purchasing Agent may also provide a written indefinite period "sole source declaration" to a department, which allows purchases of specifically designated commodities without obtaining competitive quotations.