

<b>CITY OF BARABOO</b>	TITLE: <b>PURCHASING POLICY</b>	
TARGET AUDIENCE: City Departments; City Employees; Utilities and other component units funded by City taxpayers or ratepayers, either in whole or in part; Community Development Authority; Fire & EMS District; Vendors	POLICY SOURCE: Finance Department	PAGE NUMBERS: 13
DATE APPROVED BY COUNCIL: March 22, 2017	DATE AMENDED BY COUNCIL: April 9, 2019 <b>March 28, 2023, supersedes</b>	ATTORNEY REVIEW: February 19, 2019 <b>XXXX XX, 2022</b>

**SECTION 1**  
**POLICY OBJECTIVES**

- 1.1 Objectives. The objectives of the City's Purchasing Policy are:
1. To ensure that materials, equipment and services are purchased at the lowest prices consistent with quality and performance,
  2. To provide adequate controls over City expenditures and financial commitments with proper documentation,
  3. To obtain quality goods required by City departments and to ensure that these goods are at the place and time needed
  4. To provide a standardized system of purchasing for use by all City departments.

**SECTION II**  
**COMPETITIVE BIDDING**

- 2.1 Policy. It is the policy of the City of Baraboo to procure needed materials, equipment and services at the lowest cost consistent with quality and performance. Therefore, City purchases will be made only after price quotations have been obtained or attempted to have been obtained from different suppliers through either formal or informal means, if required pursuant to this Policy.
- 2.2 Obtaining Bids. Unless required by State Statute, it shall be the Department Heads discretion on the method of obtaining bids and proposals. Options include Request for Proposal (RFP), Request for Qualifications (RFQ) or Request for Information (RFI) to bid by US mail, e-mail, and publication in the official newspaper, telephone contacts or verbal requests. Purchases shall attempt to obtain bids or proposals from at least three (3) vendors to ensure that comparison pricing is demonstrated.
- 2.3 Exceptions. The only exceptions to this Policy are:
1. Sole-source purchases (i.e., when only one known supplier is available): includes diagnostic vehicle repairs and warranty work that needs to be done by service providers equipped and trained for repairs on the make and model of equipment being repaired.
  2. Emergency purchases and repairs covered by insurance proceeds.
  3. Items purchased by State contract.
  4. Purchases paid with grant funds which require specified purchase procedures.
  5. Professional services where the City Administrator has waived bidding requirements.
  6. Other justifications as identified by a Department Head and approved by the City Administrator.
  7. For purchases below \$5,000, the bidding/proposal process is waived although the purchaser is expected to compare prices for routine purchases and supplies. The intent is to look for quality and price over convenience, wherever practical.

- 2.4 Prohibited Conduct. The intentional staggering of purchases as well as dividing purchases and/or contracts to consciously evade this policy is strictly prohibited.
- 2.5 Competitive Bidding Process. To assist Department Heads in the bidding process, templates are available from the City Attorney and Finance Director for soliciting bids. Templates are also available for RFIs, RFPs and RFQs:
- *Request for Bid (RFB)*: Commonly used when deliverables are commodities for which there are clear specifications and when price will be the primary determining factor.
  - *Request for Information (RFI)*: Commonly used to develop lists of qualified sellers and gain more input for resource availability.
  - *Request for Proposal (RFP)*: Commonly used when deliverables are not well-defined or when other selection criteria will be used in addition to price.
  - *Request for Quotation (RFQ)*: Commonly used when deliverables are commodities for which there are clear specifications and when price will be the primary determining factor. Unlike an RFB, this solicited price quote is used for comparison purposes and is not a formal bid for work.
- 2.5.1 Tie Bids. If two or more bids are in the same amount or unit price, quality, service and other factors deemed relevant being equal, the contract shall be awarded to a bidder whose principal place of business is located within the City limits, if any. If there is not a City of Baraboo bidder, the Department Head should award the contract to one of the tie bidders by cutting a deck of playing cards, with the highest card being awarded the bid.
- 2.5.2 Rejection of Bids. Department Heads have the authority to reject bids or parts of bids, or all bids, where the public interest will be served. In all cases, the Department Head has the authority to re-advertise and re-bid any proposed purchase or to reject all bids and to negotiate a purchase directly with any supplier if this procedure is deemed most advantageous to the City.
- 2.5.3 Bidders in Default to the City. A Department Head should not accept the bid of any supplier who is in default or delinquent in the payment of taxes, licenses, forfeitures, or any other moneys whatsoever due the City.
- 2.5.4 Selecting Bid. In addition to price, Department Heads may consider the following factors in selecting the acceptable bid:
1. The ability, capacity and skill of the bidder to perform the contract or provide the service required.
  2. Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.
  3. The character, integrity, reputation, judgment, experience and efficiency of the bidder.
  4. The quality of performance of previous contracts or services by the bidder.
  5. The previous and existing compliance by the bidder with laws and ordinance relating to the contract or service.
  6. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.
  7. The quality, availability and adaptability of the supplies or contractual services to the particular use required.
  8. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.
  9. The number and scope of conditions attached to the bid.

**SECTION III**  
**CENTRAL PURCHASING**

- 3.1 Policy. Many items purchased by the city are commonly used by all or several departments. By consolidating the needs of all departments, the city can take advantage of price discounts for large quantity orders of these items. Annual orders are encouraged. Department Heads and all purchasers are strongly encouraged to work together to coordinate purchases of common items between departments.

**SECTION IV**  
**PURCHASE RELATED CHARGES AND ALLOWANCES**

- 4.1 Shipping and Freight. It is the policy of the City to avoid paying shipping charges whenever possible. If the City is to pay shipping charges, it must be billed at the time of invoicing. Purchasers, when obtaining price quotations, should inquire into applicable freight charges. Any charges to be paid by the City will be regarded as part of the price quotation when selecting the successful bidder and noted on the purchase requisition. Unless otherwise stated in the RFP/RFQ, all formal bids and proposals shall include freight and delivery charges, if any.
- 4.2 Sales Tax Exemption. The city is exempt from paying city, county and state sales tax. Purchasers have the responsibility to inform vendors of tax-exempt status. Tax exempt forms are available in the City Finance Director's office. Invoices received by the city that include sales tax will be amended by reducing the amount of sales tax prior to payment.
- 4.3 Vendor Discounts. It is the policy of the City to take advantage of all available vendor discounts. The following considerations should be kept in mind:
1. Cash discounts are offered for prompt payment, usually within ten days of the date of the invoice. Department Heads can aid the City by forwarding approved invoices promptly to the Finance Director's office. Department Heads shall enter invoices as they are received via miViewPoint for Accounts Payable. Payments will be issued before the due date to ensure discounts are captured.
  2. Trade discounts are sometimes offered to municipalities for the purpose of attracting business. In most cases, the City will not be offered a trade discount unless the purchaser asks if one is available. Therefore, it is essential that Purchasers ask if trade discounts are available when obtaining price quotations.
  3. The Accounts Payable vendor file will be maintained with individual terms, as a result, the software system can maneuver the invoice to the proper payment due date and automatically ensures discounts are taken.
  4. Payments will be created, grouped, and sorted within the system based upon the fund and due date.

**SECTION V**  
**COOPERATIVE PURCHASING**

- 5.1 Policy. Cooperative purchasing between the city and the State of Wisconsin or between the City and other local governments can result in significant savings on the purchase price of many items. The Finance Director shall have the authority to analyze the desirability of cooperative purchasing arrangements and to make recommendations to the City Administrator. The City Council encourages cooperative purchasing but maintains the right to reject any or all such agreements. It is the policy of the City to enter into cooperative purchasing agreements when:
1. Substantial savings will result.
  2. Quality, availability, or service will not be sacrificed.
  3. The City will be separately billed for its purchases;
  4. Ordered items will be delivered directly to the city (unless otherwise agreed to).

**SECTION VI**  
**PURCHASING CARDS**

- 6.1 Policy. During everyday business, situations arise that call for the use of a charge card. Some examples of these situations might be making flight reservations, booking a hotel in connection with a conference, purchasing government publications on-line, etc. A charge card is not meant to interfere with any of the other policies and/or procedures currently in place in terms of purchasing needed items and/or services for the City. Its use is meant to enhance or augment the City's ability to make purchases in the most efficient manner possible. competitive pricing practices are still required for items purchased on a charge card.
- 6.2 Use of Card. The charge card shall be used where necessary purchases: (1) cannot be billed or invoiced to the City and (2) can only be made by a charge card by policy of the vendor. For example: on-line booking of air travel or seminar registration.
- 6.2.1 Examples of when the charge card **MAY** be used:
1. Lodging (*registering in advance and paying upon departure*).
  2. Some transportation: Flights, car rentals, trains, inter-city buses (*see below for exceptions when card cannot be used in this category*).
  3. Registration fees for conferences and seminars.
  4. Costs associated with business-related training.
  5. Online purchases for items such as government or business-related literature.
  6. Meal costs (*including the standard 15% tip*) as follows:
    - a. Costs must follow the standards established in the City's Travel Guidelines/ Expense Reimbursement Policy.
    - b. Group meetings where the City is paying (must receive prior approval of the City Administrator whose approval means that it is appropriate for the City to pay the expense).
    - c. The City will allow tips up to 15% of the bill to be applied to the charge card. If a tip is made that is more than 15%, the overage should be left by the employee in cash and will not be recoverable from the city as a valid expense.
    - d. Employees do not need to obtain tax exemption for individual meals or groups up to three (3) people. Groups over three should try to obtain the tax-exempt status. (See Tax Exemption section of this policy below.)

6.2.2 Examples of when the charge card **MAY NOT** be used:

1. Taxi fares, intra-city bus lines.
2. Tips, except when it is part of an approved meal cost.
3. Personal purchases of any kind.
4. Cash advances.

6.3 Employee Access to Credit Card. Department Heads are responsible for determining the individual(s) in their organization who will have a charge card. **Employees may not make purchases without the prior knowledge of the Department Head.** Approved employees will be required to sign an agreement that:

1. Acknowledges that they understand the purpose of the use of credit cards,
2. Certifies that they have read and understand the City's Purchasing Policy,
3. Confirms that improper use of the card may result in disciplinary action up to and including termination of employment; and
4. Guarantees return of the card to the Department Head for reasons such as, but not limited to:
  - a. Change in duties,
  - b. Retirement,
  - c. Termination of employment,
  - d. Improper use, or
  - e. Any other sound reason determined by the Department Head or City Administrator.

6.4 Tax Exemption. Purchases made on credit cards are still eligible for tax exemption. The City, as a government office, is exempt from paying tax on purchases. Those who will be issued cards will be given the tax exemption number. Certificates are available by contacting the Finance Department. The Purchaser is responsible to provide the vendor proof of the City's tax exempt status at the time the charge is incurred.

6.5 Automatic Payroll Deduction. If a meal (plus tip) purchase exceeds that which is allowed by the City's Travel Guidelines/Expense Reimbursement Policy, located in the Employee Handbook. If an unauthorized charge occurs, or if the Department Head determines a good faith attempt to receive a tax exemption was not made, the employee must immediately reimburse the difference between the allowable and the amount being charged to the Finance Department. If the employee does not submit the difference to the Finance Department, the lack of action acts as the employee's permission for an automatic payroll deduction for the unauthorized charges

6.6 Documentation. As with any purchases made for the city, paperwork is required. To ensure that our Finance Department can make payment of the charge card debt in a timely manner, it will be necessary for the following rules to be followed:

1. Employees who use a City charge card shall, as soon as possible after making a purchase, submit supporting documentation to the Department Head. Supporting documentation may include:
  - a. The vendor's detailed sales receipt.
  - b. Itineraries.
  - c. Rental agreements.
  - d. Completed registration flyers,
  - e. Renewal notification letters,
  - f. Order confirmations.
2. Documentation must include the name of the vendor providing the goods or services, the date (and time for meal reimbursements), the employee(s) involved, the goods and services received, the amount, and the business purpose.

3. All sales documentation needs to be clearly marked as a charge card purchase with the department/card number indicated and the name of the employee who made the purchase.
  4. Department Heads will approve the purchase that was made by placing an account code and signing the submitted documentation as they would with any other request for payment. Include the purchase order number on the invoice.
  5. Department Heads or designee must enter the documentation information into the City's financial software.
  6. The charge card statements are mailed directly to the Department. All sales slips should be matched to the statement by the Department and entered in to miViewPoint. We are required by the charge card vendor to make an electronic payment within 14 days of the statement date. Charges made by the Departments will be paid before Council can approve them and the vouchers will be included in the Council batch following the date the statement is paid.
  7. Upon leaving employment, or when an employee no longer needs to have the charge card, the Department Head will be responsible for retrieving it. The Finance Director or his/her designee will maintain a list of employees to whom cards have been issued. Department Heads therefore must inform the Finance office when it is necessary to either reassign a card or to remove the employee's name from the list of those who are holding a city charge card
- 6.7 Loss of Privilege. If an employee exhibits non-compliance with these procedures, discipline for non-compliance may occur, up to an including termination. .

**SECTION VII**  
**DATA TRACKER FUEL CARDS**

- 7.1 Department Use of Card. All fuel for City owned vehicles and equipment will be purchased using a Kwik Trip Data Tracker charge card.
- 7.2 Department Head Responsibilities. The respective Department Head will be responsible for reporting and managing authorized users and vehicles for their department to the Finance Director.
- 7.3 Employee's Use of Data Tracker Charge Card. The Department Heads are responsible for determining the individual(s) in their organization who will have a charge card. All users will be issued a Driver Pin # and will be required to enter the pin at the pump (or at the cashier) to authorize the fuel purchase. All purchases can and will be tracked by the department, vehicle and driver. Those individuals will be required to sign an agreement that:
1. Acknowledges that they understand the purpose of the program.
  2. Certifies that they have read and understand this Data Tracker Charge Card Policy Section of the City's Purchasing Policy.
  3. Confirms that improper use of the card may result in disciplinary action up to and including termination of employment; and
  4. Guarantees return of the card to the Finance Director for reasons such as, but not limited to:
    - a. Change in duties,
    - b. Retirement,
    - c. Termination of employment,
    - d. Improper use, or
    - e. Any other sound reason determined by the Department Head or City Administrator.

- 7.4 Automatic Payroll Deduction. If an unauthorized charge occurs, the employee must immediately reimburse the dollar amount being charged to the Finance Department. If the employee does not submit payment to the Finance Department, that lack of action acts as the employee's permission for an automatic payroll deduction for the unauthorized charges or the amount in excess of what is allowed to be taken from the employees next payroll check.
- 7.5 Documentation - As with any purchases made for the city, paperwork is required. To ensure that our Finance Department can make payment of the charge card debt in a timely manner, it will be necessary for the following rules to be followed:
1. Employees who use a City Data Tracker charge card shall, as soon as possible after making a purchase, submit supporting documentation to the Department Head. Supporting documentation may include:
    - a. The vendor's detailed sales receipt.
    - b. Documentation must include the name of the vendor providing the goods, the employee(s) involved, vehicle or equipment the fuel is for, the amount, and the date.
  2. All sales documentation needs to be clearly marked as a charge card purchase with the department/card number indicated and the name of the employee who made the purchase.
  3. Department Heads will receive the Data Tracker card statement at the end of each billing cycle, and approve the purchases made by using the excel spreadsheet download, adding the proper account code, and entering the invoice into miViewPoint. The Department Head will be required to attach the supporting documentation to each statement.
  4. Department Heads or designee must enter the documentation information into the City's financial software.
  5. Upon leaving employment or there is no longer a need for an individual to have a Data Tracker charge card, the Department Head will be responsible for retrieving the card. The Finance Director or designee will maintain a list of employees to whom cards have been issued. Department Heads therefore must inform the Finance Department when it is necessary to either reassign a card or to remove the employee's name from the list of those who are holding a fleet charge card
- 7.6 Loss of Privilege. If an employee exhibits non-compliance with these procedures, discipline for non-compliance may occur, up to and including termination.

**SECTION VIII**  
**SALE OF SURPLUS PROPERTY**

- 8.1 Tangible Property. City property is declared "surplus" when it is no longer necessary, practical or economical to be retained by the City. Department Heads are responsible for identifying surplus furniture, equipment, supplies, etc., in their departments. The City Administrator or designee is responsible for the sale or disposal of all surplus property. The City Administrator or designee shall determine the best method for sale or disposal of the surplus property. Such methods shall include internet postings on well-known sites such as eBay or Craigslist, public bid, public auction or private sale.
- 8.2 Police Unclaimed Property. In accordance with Wisconsin State Law, the Baraboo Police Department sells at public auction all lost, abandoned, unclaimed, forfeited, or stolen property remaining in the possession of the Police Department for a period of six months without a lawful claimant, except that unclaimed bicycle may be auctioned after a three-month waiting period. The Police use the services of a public internet auction site.

- 8.3 Real Estate. Whenever City owned property is proposed for sale, there should be an internal review conducted by the City Administrator and Department Head to determine whether the City may need the parcel in the future and for what purpose. The City Administrator shall prepare a report for the Finance Committee outlining the land sale request. The Finance Committee shall consider whether an appraisal is necessary, how the property may be disposed of, and then forward their recommendation to the City Council for final action. The City Administrator is responsible for carrying out the Council's actions for disposition of the property. Property may be disposed of by public auction, sealed bids, or by a mutual sales agreement.

## **SECTION IX**

### **PURCHASING PARAMETERS**

- 9.1 Routine Budgeted Purchases. Routine budgeted purchases made by the City of Baraboo may be grouped under the following categories:
1. Purchases under \$5,000 are authorized by a Department Head without further authorization except that purchases shall meet the competitive bidding requirements, as outlined in this Policy, and the item is included in the current budget.
  2. Purchases over \$5,000 dollars shall be approved prior to ordering by the Finance Director but only after the Department Head complies with competitive bidding requirements, forwards copies of bids or quotes received to the Finance Director, and the item is included in the current budget. Quotes should be obtained during the budget process.
- 9.2 Construction and Public Works Contracts. Construction and public works contracts must be advertised and bid according to state law.
- 9.3 Department Head Responsibilities. Department Heads are required to monitor total spending for each of their budget functions and cannot exceed the total budgeted amount for each function. The total budget for each function will be considered when the spending parameter for legal notice purposes is necessary. The Finance Committee and Council approval of a budget amendment and resolution prior to the purchase is required in this instance.
- 9.4 Unbudgeted or Under-Budgeted Purchases that surpass the departmental function parameter. The Common Council, by way of a recommendation from the City's Finance/Personnel Committee, must approve all non-budgeted purchases prior to purchasing if the departmental function parameter is surpassed. The Department Head must still comply with competitive bidding requirements and forward completed copies of bids or quotes received to the City Finance Director.

**SECTION X**  
**PROCEDURES FOR CONTRACTED SERVICES AND OTHER CONTRACTED PURCHASES**

10.1 Contracts Defined. For purposes of this policy, “contracts” are defined as any document:

1. Requiring signature of statutory officers of the city.
2. Expressly waiving liability of the vendor.
3. Expressing a scope of service to be performed by the vendor.
4. Placing conditions (other than payment) upon the city.
5. Contracts also include lease agreements and memorandum of understandings (MOU’s).

10.2 Competitive Bidding. Department Heads must follow all competitive bidding requirements for procuring contracted services or purchases, while being cognizant of consolidating citywide services when feasible.

10.3 Signatories. The signatories for the city are the City Clerk, Mayor and the City Administrator, each of whom are authorized to execute the contracts without additional Council action; two of the three persons must sign each contract and will need Council approval if exceeds current contract. Department Heads do not have legal standing to contract on behalf of the City unless expressly authorized to do so by the City Council.

The City Administrator shall have authority to sign contracts to purchase vehicles or equipment without an additional signatory provided they are included in the annual budget and meet the guidelines of the purchasing policy.

10.4 Contract Review. Contracts shall be reviewed by the City Attorney as to form prior to the execution of the contract. Department Heads should submit contracts to the City Administrator as soon as possible for timely review – ideally at least one business week prior to the execution date. All questions about whether a document is a contract should be directed to the City Administrator prior to execution of the document.

**SECTION XI**  
**EMERGENCY PURCHASES**

11.1 Policy. Emergency purchasing procedures should only be used when normal purchasing channels are not feasible. Emergency purchases may be made:

1. When there is a need for immediate delivery of items.
2. To prevent delays in work or construction schedules.
3. When there is an immediate threat to employees, public health or safety, or
4. To meet emergencies rising from unforeseen causes.
5. When there is an emergency declaration.

11.2 Emergency Purchases over \$5,000. For emergency purchases over \$5,000, the Department Head shall notify the City Administrator of the emergency and receive a waiver of the provisions of the purchasing policy.

**SECTION XII**  
**GRANTS AS A REVENUE SOURCE**

- 12.1 Policy. Prior resolution approval from the Finance/Personnel Committee and Council is required when the grant requires a city matching contribution. Approval must be granted prior to the submission of the grant application and preferably during the budget process. The city matching contributions are defined to include any monetary contribution, change in service, or staffing.

**SECTION XIII**  
**DONATION POLICY**

- 13.1 Policy. The purpose of this policy is to establish a formal process for acceptance and documentation of donations made to the City and to ensure compliance with applicable laws and accounting procedures. This policy supersedes other departmental policies regarding these issues. This policy provides guidance when individuals, community groups, and businesses wish to make donations to the City. This policy also establishes the standards for City employees and City officials regarding the acceptance of gifts and fundraising activities during the performance of City business.
- 13.2 Types of Donations. Donations may be offered in the form of cash, real or personal property. Designated donations are those donations that the donor specifies for a city department, location, or purpose. Undesignated donations are those donations that are given to the city for an unspecified use. Designated donations may only be accepted when they have a purpose consistent with the city's goals and objectives and are in the best interest of the City of Baraboo.
- 13.3 Acceptance of Donations. Based on the value of the donation offered as outlined below, appropriate City staff shall review every donation and determine if the benefits to be derived warrant acceptance of the donation. The following points list the threshold amounts for donation acceptance.
1. Offers of donations of cash or items valued at \$5,000 or below shall be considered for acceptance the Department Head. Donations shall be reported to the City Council as informational on an annual basis.
  2. Offers of donations of cash or items valued more than \$5,000 and up to \$50,000 shall be considered for acceptance the City Administrator. All donations shall be reported to the City Council as informational.
  3. Offers of donations of cash or items valued more than \$50,000 shall be considered for acceptance by the City Council. Donations valued at more than \$50,000 require acceptance through a written agreement consistent with these guidelines and approved by the City Council.
- 13.4 Acceptance of Designated Donations. Prior to acceptance of designated donations, appropriate City staff will review the conditions of any designated donation and determine if the benefits to be derived warrant acceptance of the donation. Criteria for the evaluation include but are not limited to:
1. Consideration of an immediate or initial expenditure required to accept the donation.
  2. The potential and extent of the City's obligation to maintain, match, or supplement the donation; and
  3. The need for the property, including where and what type of property it is.

- 13.5 Fundraising. Solicitation of voluntary contributions shall not violate the Code of Ethics for local officials under Wisconsin Statutes and City of Baraboo Code of Ordinances. In addition, no solicitation shall state or imply that a donation will influence or affect how the party is treated by City officer and employees.
1. All fundraising and solicitation efforts shall be consistent with the missions, goals, and mandates of the City. Solicitation for business, commercial, or personal reasons by City employees not directly related to City operations is prohibited. All donated funds or property become public property upon acceptance and shall be used or expended for public purposes.
  2. All significant fundraising and solicitation efforts, as reasonably defined by the City Administrator, which support City programs and projects shall be authorized by the City Council after prior review and recommendation by the appropriate oversight Committee, Commission or Board. Council authorization may include continuing authorization or authorization for a one-time only project.
- 13.6 Accounting. Following donation acceptance, the Department shall obtain written approval of Finance Director or delegate regarding procedures to account for the donation. Said approval shall include proper accounting protocols for fundraising revenues and expenditures to be coordinated through the office of the Finance Director. No Department shall be allowed to maintain a checking or savings account for fundraising activities separate from the City accounting system. The Finance Director shall also be responsible for ensuring donated property is properly insured upon acceptance of said property.
- 13.7 Status of Donated Property. All donated property given to the City of Baraboo becomes the property of the City to oversee, maintain, and manage and may be used in the complete discretion of the City, unless the parameters of the donation specifically require otherwise. The City will decide when changes shall be made to any facility or materials, with no guarantee of donated items being retained. If personal property becomes obsolete, the City will attempt, if possible, to find another use for the property. The city is not required to maintain the property beyond its useful life. The city does not guarantee future funding for repair, maintenance, use or replacement of donated items.
- 13.8 Library Donations. All donations to the library are governed by its Gift Policy adopted November 19, 2013, and as amended and preferably be collected by the "Friends of the Library".

**SECTION XIV**  
**MISCELLANEOUS CONSIDERATIONS**

- 14.1 Encumbrances and Financial Recordkeeping. Encumbrances are commitments related to contracts that have been issued, but for which no goods or services have yet been received. Encumbrances are recorded as they occur for budgetary control purposes.

The signing of a contract creates an encumbrance of the amount required to be paid during the current year. This amount is no longer available for obligation or expenditure unless the contract is canceled. Encumbrance records shall be maintained by the City Finance Director.

- 14.2 Non-Budgeted Items. Purchases that have not been provided for in the current budget will require Council approval through budget transfers or amendments. The Department Head shall notify the City Finance Director and provide written documentation regarding the expenditure. This information will be provided to the Finance Committee for a recommendation to Council concerning purchase approval and necessary budgetary transfers or amendments.

- 14.3 Insurance Claim and Settlement Proceeds. Purchases resulting from an accident or loss covered by the City's insurance policy or legal settlement will be treated as non-budgeted items. Although money will be received from the claim or settlement, this is deposited into an "Insurance Proceeds" revenue account within the special fund. Purchases will be expended from the appropriate capital outlay or maintenance account, hence necessitating a budget amendment.

- 14.4 Property Room Surplus. Police Department property room surplus items shall be disposed of at the discretion of the Police Chief or designee and pursuant to State Statute. Any proceeds from the sale of said items shall be entered into the Police Property Surplus budget.

- 14.5 Local Merchants. The city will give utmost consideration to local merchants taking price and service into account.

- 14.6 Conflict Of Interest. Employees of the municipality are regulated by §946.13, Wis. Stat., and §1.77, City Code, concerning conflicts of interest. The statutory amount that an employee can earn directly or indirectly per 12-month period from the city for doing contracted work for the city is \$15,000.00. For lesser amounts, it shall be unethical for any City employee to participate directly or indirectly in a purchase or contract when the City employee or any member of the employee's immediate family has a financial interest pertaining to the contract or purchase unless the contract has been competitively bid or the service is highly specialized and only one supplier is available, and the employee has followed the procedure set forth in §1.77, City Code.

- 14.7 New Vendors. New vendors must be approved and created by the Finance Department prior to the purchase being initiated to satisfy internal control procedures. MiviewPoint will not process the invoice until the vendor has been created. To facilitate a new vendor approval, complete the New Vendor Request Form in miViewPoint and submit the completed W-9 to the Finance Department.

## **PURCHASING WORKFLOW FOR CITY DEPARTMENTS**

City departments may use this as a general guide for purchases, but this is intended to be a summary only and does not supersede the material contained in the Purchasing Policy.

### **PURCHASING FLOW**

1. Department verifies purchase is within departmental function total budget or obtains approval from Council via Finance/Personnel Committee.
2. Department should competitively bid pursuant to Purchasing Policy, but not required if under \$5,000.
3. Finance Director approves the requisition.
4. Department determines if the purchase will require a contract.

If YES:

- a. Submit vendor's contract to City Administrator for review or contact City Administrator for contract drafting.
- b. Contract is signed by City Clerk, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
- c. Original copy of contract goes to City Clerk for filing in the Vault.

If NO:

- a. Department places order.
- b. Invoice is entered in to *MiViewPoint*.