

Purchasing Policy

Purpose	To comply with Minnesota Statute 471.345 and to establish specific guidelines for the purchase of goods and services by the employees of the City of Northfield.
Policy	It is the policy of the city to acquire goods and services through a competitive process whenever practical that results in supply arrangements at the most effective net cost, in the correct quantities, of the appropriate quality, and from the most responsive and responsible source. Purchasing and supply management functions at the city are delegated to the department directors, requiring diligent attention to the governing laws and rules. Purchasing goods and services using a purchasing card is covered under the Purchasing Card Policy 4.56.
Cooperative Purchasing Agreements	When possible, every effort should be used to take advantage of cooperative purchasing agreements as a cost savings measure. The city shall maintain its membership with the State Cooperative Purchasing Program. By using the State's plan, bidding requirements are already fulfilled.
Support of Local Firms and Merchants	It is the policy of the city to support local firms and merchants. To facilitate this policy, when products or services can reasonably be supplied by local merchants or firms, requests for bids or quotations shall be solicited by phone, mail or facsimile and/or advertisement in the official city newspaper and/or trade journals to attempt to provide an opportunity for local merchants to participate in the bidding process. Advertisements for bids shall be published in accordance with the state law. Award of bids or quotations shall be made in accordance with state law to the lowest qualified bidder.
Governing Laws Contracting Bid State Laws	A city entering into an agreement for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property must abide by the statutes relating to contracting and bidding. Minnesota Statute 471.345 was established to provide dollar limits for all cities upon contracts that shall or may be entered into on the basis of competitive bids, quotations or purchase or sale in the open market. This statute puts the following basic requirements on cities (based on the estimated contract amount): • For contracts over \$100,000 – sealed bids shall be solicited by public notice in the manner and subject to the particular requirements of the city. The sealed bids shall be solicited by public notice and be kept on file. City Council will approve these contracts during a regularly scheduled meeting. • For contracts exceeding \$25,000 but not \$100,000 – sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt

thereof. These contracts will be approved by the City Administrator or City Council.

- For contracts \$25,000 or less – the contract may be made upon quotation or in the open market, in the discretion of the city. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt. These contracts can be approved by the department director if in the budget. If not budgeted, City Administrator approval is necessary.

Extra care should be exercised when using sole source vendors. The City Administrator and Finance Director must approve such purchases in advance.

Director/Manager Responsibilities

Department Directors/Managers and other persons authorized to purchase are responsible for certain functions related to purchasing and payment for goods and services received. The responsibilities are:

- Purchasing done on a competitive basis and consistent with the approved annual budget.
- Control of purchased goods and services to ensure only authorized use.
- No reimbursement for use of personal gift cards. (added)
- No reimbursement for use of store rebates.(added)
- All terms and conditions (including pricing) of the purchase as specified in the purchase order and applicable contract are attained prior to the payment of the claim.
- Providing the Finance Department with approved invoices in a timely manner.
- Immediate notification to the Finance Department of any circumstances affecting acceptability, performance, or any other reason which may lead to withholding of payment.
- Cooperation with the Finance Department in resolving disputes with vendors regarding terms, quantity, or any questions of performance.
- Designating budget coding of all invoices.

Finance Department Responsibilities

The Finance Department personnel are responsible for the following:

- Assistance in seeking vendors to provide the best price availability.
- Reasonable audit tests to determine fund availability, legality and validity of obligations for payment.
- Pay authorized bills that meet procedural requirements.

**Competitive
Price Quote/Bids**

Competitive price quote/bids require the following:

- Purchaser must obtain competitive price quotes/bids for services or commodities as outlined in Contracting Bid Law Section of this policy.
- Purchaser will prepare a purchase order or documented invoice and submit to the Department Director/Manager and the Finance Director for approval.
- A documented invoice allows all necessary information and approvals to be placed directly on the invoice. This would apply to emergency purchases of goods and services and to routine items such as utility bills.

Purchases

Purchases under 10,000 are approved by department directors/managers when in the budget. Unbudgeted expense under 10,000 must have City Administrator sign off.

Purchases from 10,000 to 100,000 will have approval from department directors/managers and the City Administrator when in the budget. Unbudgeted expense over 10,000 must be approved by City Council.

Purchases over 100,000 will be approved by City Council during a City Council meeting.

Expense Vouchers

Expense vouchers must have the following:

- Explanation justifying request;
- Tabulation of quotes/bids where appropriate;
- Account number including business unit and object code;
- Budget appropriation for item or service requisitioned;
- Department Director/Manager approval;
- Date ordered and approximate date to be received;
- Full vendor name/address – no abbreviations;
- All items purchased must be listed separately with respective costs;
- Vendor shall list the PO# on the invoice when billed;
- All packing slips shall be signed and dated and have the appropriate department/division indicated on them and forwarded to the Finance Department.

**Additional
Provisions/Resources**

The provisions noted in this policy are not intended to be an exhaustive list of Minnesota laws. Additional resources on purchasing include:

- [Handbook for Minnesota Cities](#), published by the League of Minnesota

Cities

- On line <http://www.lmnc.org/researchanalysis/handbook.cfm>
- Emergency Contracts, published by the League of Minnesota Cities
- City of Northfield Finance Director

Violations

Employees who violate this policy will be subject to discipline up to and including discharge.