

**City of Lawrenceburg
Purchasing Policies and Procedures**

I. Purchasing Agent and Authority

As designated in the city charter, the city administrator shall act as purchasing agent for the city, with power as set out in these procedures, to purchase materials, supplies, equipment, and services; secure leases and lease-purchases; and dispose of and transfer surplus property for the proper conduct of the city's business. The purchasing agent may approve and sign all purchase orders, leases, and lease purchases for less than \$8,000 that end during the fiscal year. Board approval is required for all contracts, leases, and lease purchases that extend beyond the current fiscal year. Monetary limitations shall be observed.

II. Purchase Limits

The purchasing agent shall have the authority to make purchases, leases, and lease-purchases of less than \$8,000 singly or in the aggregate during any fiscal year and, except as otherwise provided herein, shall require three competitive bids or quotations, either verbal or written whenever possible prior to each purchase. Three competitive quotes are required for the purchase of items which cost more than \$1000 and less than \$8,000. All competitive bids or quotations received shall be recorded and maintained in the office of the city purchasing agent for a minimum of two years after audit. Awards shall be made to the lowest responsible bidder. The purchasing agent may delegate purchasing responsibilities to a city purchasing officer. The following purchase limits shall be observed:

<u>Dollar Amount of Purchase</u>	<u>Requirement</u>
\$0.00 to \$499.99	No quotes or bids required
\$500.00 to \$1,000.00	Three verbal quotations if possible
\$1,000.01 to \$7,999.99	Three written quotations
\$8,000.00 and over	Competitive sealed bids

A description of all projects or purchases, except as herein provided, which require the expenditure of city funds of \$8,000 or more singly or in the aggregate during any fiscal year shall be prepared by the purchasing agent and submitted to the governing body for authorization to call for bids or proposals. After the determination that adequate funds are budgeted and available for a purchase, the governing body may authorize the purchasing agent to advertise for bids or proposals. The award of purchases, leases, or lease-purchases of \$8,000 or more shall be made by the governing body to the lowest responsible bidder.

III. Exceptions to Purchasing Limit

Purchases amounting to \$8,000 or more, which do not require public advertising and sealed bids or proposals, may be allowed only under the following circumstances and, except as otherwise provided herein, when such purchases are approved by the governing body:

1. Sole source of supply or proprietary products as determined after complete search by the purchasing agent, with governing body approval.
2. Emergency expenditures with subsequent approval of the governing body.
3. Purchases from instrumentalities created by two or more cooperating governments.
4. Purchases from non-profit corporations whose purpose or one of whose purposes is to provide goods or services specifically to municipalities.
5. Purchases, leases, or lease-purchases of real property.
6. Purchases, leases, or lease-purchases, from any federal, state, or local governmental unit or agency, of second-hand articles or equipment or other materials, supplies, commodities, and equipment.
7. Purchases through other units of governments as authorized by the Municipal Purchasing Law of 1983.
8. Purchases directed through or in conjunction with the state Department of General Services.
9. Purchases from Tennessee state industries.
10. Professional service contracts as provided in Tennessee Code Annotated 29-20-407.
11. Tort Liability Insurance as provided in TCA 12-4-407.
12. Purchases of perishable commodities.
13. Professional services shall not be bid.

The purchasing agent shall be responsible for following these procedures including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.

IV. Relations of Other Departments with the Purchasing Division

The purchasing division is a service agency for all other departments and divisions of the city. The purchasing function is a service, and for the mutual benefits gained to go toward the

good of the city, all departments and divisions must work in harmony. This manual is a guide to help the governing board, purchasing agent, departments and divisions know their buying responsibilities.

V. Purchasing Agent's Responsibility

To aid and cooperate with all departments and divisions in meeting their needs for operating supplies, equipment, and services;

1. To process all Purchase Orders with the least possible delay.
2. To procure a product that will meet the department's requirements at the least cost to the city.
3. To know the source and availability of needed products and services and maintain current vendor files.
4. To obtain prices on comparable materials after receipt of departmental Purchase Order.
5. To select vendors, prepare purchase orders, and process and maintain order files.
6. To search for new, improved sources of supplies and services
7. To assist in preparation of specifications and to maintain specification and historical performance files.
8. To prepare and advertise requests for bids and maintain bid files.
9. To keep items in store in sufficient quantities to meet normal requirements of the city for a reasonable length of time within space availability.
10. To investigate and document complaints about merchandise and services for future reference.
11. To transfer or dispose of surplus property.

VI. Using Department's Responsibility

1. To allow ample lead time for the purchasing agent to process Purchase Order and issue purchase orders, while permitting the supplier time to deliver the needed items.
2. To prepare a complete and accurate description of materials to be purchased.
3. To help the purchasing agent by suggesting sources of supply.

4. To plan purchases in order to avoid emergencies.
5. To initiate preparation of specifications on items to be bid.
6. To inspect merchandise upon receipt and complete a receiving report noting any discrepancies in types, numbers, condition, or quality of goods.
7. To advise the purchasing agent of defective merchandise or dissatisfaction with vendor performance.
8. To advise the purchasing agent of surplus property.

VII. Purchase Order

(a) Purpose

A purchase order authorizes the seller to ship and invoice materials and services as specified. Purchase orders shall be written in a clear, concise, and complete manner. This will prevent confusion and unnecessary correspondence with suppliers.

(b) Who Issues the Purchase Order?

Department Heads or the purchasing agent issues purchase orders except as otherwise provided herein. The using departments will not enter into negotiations with suppliers for the purchase of equipment, supplies, materials, services, or other items except when operating under emergency purchase procedures and as otherwise provided herein.

(c) How Purchase Orders are handled:

1. The purchase order is prepared in four (4) copies; white, yellow, pink and orange.
2. The white copy along with invoice is sent to Accounts payable for payment.
3. The yellow copy is returned to the department making the request, when the invoice has been sent to Accounts Payable.
4. The pink copy is kept by the purchasing agent and filed as a record of outstanding orders. When the invoice is paid, the pink copy will be marked properly and put in a completed file in numerical order.

5. The orange copy is the acknowledgment copy and will be sent to the vendor, if they request it. Usually the purchase order number listed on the invoice is generally sufficient for both the vendor and the City.

(e) Cancellation

The Department head must initiate all cancellations and will issue a purchase order to the next best vendor or renew the purchasing process.

(d) How to Prepare

A proper departmental purchase order will contain the following information;

1. Number: assigned by the purchasing agent or preprinted form.
2. Date: the date the order was prepared.
3. Dept: ordering department.
4. Vendor; firm or person from who purchase is made.
5. Vendor's address, address of vendor.
6. Quantity; the amount ordered of each item described.
7. Description; brief description of items to be bought.
8. Account to be charged; complete budgetary code of using department.
9. Price; quantity times unit cost.
10. Purchase authorized by; signature and title of department head.
11. Articles or service received; signature of person receiving articles or service and date received.

(e) General Information

- The department head is responsible for keeping expenses within budgetary appropriations and must try to secure at least three (3) phone quotes for items that cost more than \$1000 and less than \$7,999.99. A minimum of three (3) written quotes

must be secured on purchases between \$1,000.00 and \$7,999.99. Purchasing Agent issues the Purchase order. Purchase orders will be numbered and issued to the using department by the purchasing agent.

- It is the responsibility of the department head, considering price and quality, to determine the best source of supply. All local sources should be considered before a purchase is made. The purchasing agent will assist in vendor selection upon request.

(e) Split Invoices

- If the purchase is over the dollar limit, under no circumstances may multiple forms be used in an effort to avoid filling out a purchase order.
- The purchasing agent may use a city purchase order to outline the terms and conditions for a purchase. A sample purchase order is attached.
- If the purchase is over the dollar limit, under no circumstances may multiple forms be used in an effort to avoid competitive bidding. Any variations in the purchase order and invoiced amount for purchases exceeding \$8,000 shall be approved by the Board of Mayor and Councilmen.

VIII. Emergency Purchases

Emergency purchases are to be made only when normal functions and operations of the city would be hampered by purchasing in the regular manner, or where property, equipment, or life are endangered through unexpected circumstances and materials, services, etc., and are needed immediately. If a tool breaks and the repair is needed immediately an emergency purchase may be necessary. If a city waits until the last minute to purchase a police vehicle, and needs it for tomorrow evenings shift, it may be poor management instead of an emergency.

(a) Who Makes Them

Emergency purchases, either verbal or written, may be made directly by the using department without competitive bids, provided sufficient funds are available and necessary approvals have been secured.

(b) Who Authorizes Them

The purchasing agent, or the department head, if the purchasing agent is unavailable may authorize an emergency purchase.

(c) How to Make Emergency Purchases

After determining a true emergency exists, the following procedure should be

used;

1. Notify the purchasing agent of the need and nature of the emergency. The purchasing agent will give verbal approval and issue a purchase order number.
2. Using department must use sound judgment about prices when making emergency purchases of materials and supplies and for labor on equipment. Orders should be placed with vendors who have a good track record with the department.
3. Suppliers shall furnish sales tickets, delivery slips, invoices, etc. for the supplies or services rendered. Terms of the transactions, indicating price and other data, shall be shown.
4. As soon as the buy is complete, on the same or following business day the using department must:
 - (a) Give the purchasing agent a complete description of the emergency and approval by the department head. "Confirming Emergency Purchase: must be marked plainly on the Purchase Order, along with the purchase order number;
 - (b) The sales ticket, delivery slips, invoices, and material receiving report confirming the purchase must be attached to the emergency Purchase Order form;
 - (c) The purchasing agent will issue the vendor a purchase order marked "Confirmation;"
5. If an emergency should occur during a time when the purchasing office normally is closed, the using department will follow the above procedure with the exception of the first step. The evidence of purchase, such as sales slip, counter receipt, delivery slip, invoice, etc., that the supplier normally furnishes, shall be attached to the completed and approved Purchase Order form and be forwarded to the purchasing agent along with a material receiving report.
6. As soon as possible, the person authorizing the emergency purchase must prepare a report to the city administrator and the governing body specifying the amount paid, the item (s) purchased, from whom the purchase (s) was made, and the nature of the emergency.

(d) General Information

Emergency purchases are costly and should be kept to a minimum. Avoiding emergency orders will save the city money.

IX. Used Equipment Purchases

The purchasing agent may make used equipment purchases without public advertisement or competitive bidding in accordance with TCA 12-3-1003. The city must document the general value of the item through a listing in a nationally recognized publication or through an appraisal by a licensed appraiser and the price must fall within 10% of the documented range. Purchasing limits shall be observed.

X. Purchase of Professional Services

(Tennessee Code Annotated 12-4-106)

Professional services include legal services, fiscal agent, financial adviser or advisory services, educational consultant services, and similar services by professional people or groups with high ethical standards. Only contracts for services performed within the professional's field of expertise are to be considered professional service contracts. Leasing office space from an attorney or purchasing computer services from an accountant, for example, are not professional services and will require competitive bids.

Contracts for professional services will be awarded on the basis of recognized competence and integrity, rather than on competitive bids. This does not stop a city from requesting proposals from eligible service providers, then deciding about the capabilities of each. Although cost may be considered in choosing the service provider, it must not be the sole factor.

XI. Purchase of Insurance

Certain Insurance (TCA 29-20-407)

Cities may purchase tort liability insurance, without competitive bidding, from the Tennessee Municipal League's Insurance Pool, or any other plan authorized by any organization of governmental entities representing cities and counties; other insurance purchases shall be made by competitive bidding.

XII. Lease Purchases

The purchasing agent is authorized to enter into lease agreements that terminate during the current fiscal year as long as the amount does not exceed \$8,000. Multi-year leases must be approved by the governing body.

XIII. Petty Cash Purchases

(a) Purpose

To buy items that cost less than \$25.00 from businesses that don't issue invoices or have charge accounts, a petty cash fund must be set up by the finance officer. The department head is solely responsible for this account. Any receipts or requests for monies from this fund must contain the departmental code and be signed by the department head. This fund should be used only if other purchasing methods are not applicable.

The finance officer may establish one basic petty cash fund for the entire city or establish other procedures.

XIV. Sealed Bids or Proposals

(a) When Required

Sealed bids are required on purchases of \$8,000 or more.

(b) Advertisement

Bids must be advertised in a local newspaper of general circulation not less than five days before bid opening date.

(c) Purchasing Agent's Responsibility

1. Prepare bid requests.
2. Select possible sources of supply.
3. Prepare specifications (unless of a technical nature, such as architectural, engineering, etc).
4. Mail bid requests and advertise as appropriate. If delivered by hand, a receipt of the bid request should be signed by the vendor.
5. Receive and open bids.
6. Evaluate bids using staff or professional assistance.
7. Make recommendations on award to governing body for approval.
8. Process purchase order after governing body approval.
9. Maintain all specification and bid data files.

(d) Using Department's Responsibility

1. Prepare documentation to begin the bid process.
2. Submit the documentation to begin bid request to the purchasing agent at least three (3) weeks prior to the date bids are to be opened.
3. Assist in preparing specifications as needed.
4. Assist in evaluating bid results.
5. Establish date and time for bid opening.

(e) Bid or Proposal Opening

Bids will be opened at the time and date specified on the bid request. All bids are opened publicly and read aloud, with a tabulation provided to all vendors participating. Proposals for extensive systems, complicated equipment, or construction projects, may be evaluated privately with a public recommendation to the governing board after evaluation and study.

(f) Electronic Bids

The Invitation for bids shall be electronically distributed, and bids shall be considered whenever they are received in hand at the designated office by the time and date set for receipt of bids. Such electronic bids or proposals shall contain specific reference to the Invitation for Bids; the items, quantities, and prices for which the bid is submitted; the time and place of delivery; and a statement that the bidder agrees to all the terms, conditions, and provisions of the Invitation for Bids.

The purchasing agent may receive bids, proposals, and other offers electronically, but may not require electronic bidding.

(g) Late Bids

No bids received after closing time will be accepted. All late bids will be returned unopened to the vendor. Bids postmarked on the bid opening date but received after the specified time will be considered late and will be returned unopened. It is important that the integrity of the bidding process be maintained.

(h) Bid Opening Schedule

The purchasing agent is responsible for setting bid opening dates and times.

(i) Telephone Bids

The purchasing agent will not accept any bid by telephone. He may accept telephone quotes for amounts less than \$8,000.

(j) Bid Form

When the purchasing agent sends duplicate copies of bid request forms to each bidder, thereby enabling the bidder to return one and maintain a file copy. Bids will not be accepted on any vendor letterhead, vendor bid form or other substitutions unless special permission is given by the purchasing agent. The bidder must use the city's bid form or the bid will not be considered.

(k) Unsigned Bids

Failure of a vendor representative to sign a bid proposal removes that bid from consideration. A typed official's name will not be acceptable without that person's written signature.

(l) Acceptance of Bids

The City reserves the right to reject any or all bids, to waive any irregularities in a bid, to make awards to more than one bidder, to accept any part or all of a bid, or to accept that bid (or bids), which in the judgment of the governing body is in the best interest of the city.

(m) Shipping Charges

Bids are to include all shipping charges to the point of delivery. Bids will only be considered on the basis of delivered price, except as otherwise authorized by the governing body. In many instances, the amount of shipping charges will be the deciding factor in making a purchase.

(n) Sample Product Policy

The purchasing agent may request a sample product as part of a bid. If this is stated on the bid proposal form, the vendor is required to comply with this request or have the bid removed from consideration.

(o) Approved Equal Policy

Specifications in the request for bids are intended to establish a desired quality or performance level or other minimum requirements which will provide the city with the best product available at the lowest possible price.

When a brand name and/or model is designated, it signifies the minimum quality acceptable. If an alternate is offered, the bidder must include the brand name or model to be furnished, along with complete specifications and descriptive literature and, if requested, a sample for testing.

Brands and/or models other than those designated as equal to products shall receive equal consideration.

(p) Alternate Bids

Should it be found, after bids have been opened, that a product has been offered with an alternative specification and that this product would be better for the city to use, all bids for that item may be rejected and specifications redrawn to allow all bidders an equal opportunity to submit bids on the alternate item.

(q) Vendor Information

Potential suppliers are selected from existing vendor files, using department suggestions and any and all sources available to locate vendors related to a specific product or service. New suppliers are added to the bid list as they are found.

(r) Tie Bids

A tie bid is one in which two or more vendors bid identical items at the same unit cost. Tie bids may be determined by one of the following factors:

- a. Discount allowed,
- b. Delivery schedule,
- c. Previous vendor performance,
- d. Vendor location, or
- e. Trade-in value offered.

If the tie cannot be resolved in this manner to the satisfaction of the governing body, the decision shall be based upon a coin toss as directed by the governing body.

(s) Cancellation of Invitation for Bid or Request for Proposal

An invitation to bid, a request for proposal, or other solicitations may be canceled, or any or all bids or proposals may be rejected in part as may be specified in the

solicitation when it is in the best interest of the city. The reasons shall be made a part of the bid or proposal file.

(t) Public Advertisement

In addition to publication in a newspaper of general circulation as required by law, the purchasing agent may make any other efforts to let all prospective bidders know about the invitation to bid. This may be accomplished by delivery, verbally, mail, or by posting the invitation to bid in a public place. It is not required that specifications be included in the invitation to bid. However, the notice should state clearly the purchase to be made.

(u) Mistakes in Bids

Mistakes in bids detected prior to bid opening may be corrected by the bidder withdrawing the original bid and submitting a revised bid prior to the bid opening date and time. Bidder mistakes detected by the bidder after the bids have been opened based on miscalculation may be withdrawn only with the approval of the purchasing agent. The purchasing agent shall determine if all or a portion of any bid bond shall be surrendered to the city as liquidated damages for any costs associated with the bid withdrawal.

(v) Bonds

- **Bid Bond;** The purchasing agent may require that bidders submit a bid bond or other acceptable guarantee equal to five percent of the bid to ensure that the lowest responsible bidder enters into a contract with the city. All or a portion of the bid bond shall be surrendered to the city as liquidated damages should the successful bidder fail to enter into a contract awarded by the city.
- **Performance Bond;** The purchasing agent may include in the bid documents a requirement for the successful bidder to post a performance bond or other guarantee satisfactory to the city attorney that shall ensure the faithful performance of all of the terms and conditions of the purchase contract.
- **Payment Bond;** The purchasing agent shall require a payment bond on all contracts of over \$100,000. The purpose of the payment bond is to ensure that subcontractors and material suppliers are paid. The payment bond is required by state law.

(w) Sealed Bids

Competitive sealed bidding is the preferred method of procurement and is required by state law. Purchases over \$8,000.00, except as herein provided, must be purchased by sealed bids.

(x) Competitive Sealed Proposals

The purchasing agent may make purchases using competitive sealed proposals rather than competitive sealed bids when the governing body determines that competitive sealed bidding is either not practicable or not advantageous to the city.

XV. Other Aspects to be considered in Bid Award

In addition to price, the following points should be considered when awarding a bid:

1. The ability of the bidder to perform the contract or provide the material or service required.
2. Whether the bidder can perform the contract or provide the material or service promptly or within the time specified, without delay or interference.
3. The character, integrity, reputation, experience, and efficiency of the bidder..
4. The previous and existing compliance, by the bidder, with laws and ordinances relating to the contract or service.
5. The ability of the bidder to provide future maintenance and service for the use of the subject contract.
6. Terms and conditions stated in the bid.
7. If vendor is current on all taxes and license fees owed to City.

XVI. Non Conformance Policy

Failure of a bidder to complete a contract, bid, or purchase order in the specified time agreed on, or failure to provide the service, materials, or supplies required by such contract, bid, or purchase order, or failure to honor a quoted price on services, materials, or supplies on a contract, bid, or purchase order may result in one or more of the following actions:

1. Removal of a vendor from a bid list for a period to be determined by the governing body.
2. Allowing the vendor to find the needed item for the city from another supplier at no additional cost to the city.

3. Allowing the city to purchase the needed services, materials, or supplies from another source and charge the vendor for any difference in cost resulting from this purchase.
4. Allowing monetary settlement.

XVII. General

(a) Delinquent Delivery

Once the Purchasing Agent has issued a purchase order, no follow-up work should be done unless the item has not been received. If this happens, the purchasing agent may initiate action, either written or verbal as time allows to investigate the delay. The using department will be advised of any further problems or a revised delivery date.

(b) Contractual Purchases

Such materials, supplies, or services which are constantly needed for city operations will be taken on a formal bid and will be awarded by the governing body for a contract period determined to be in the best interest of the city. This procedure shall be used in cases where the amount of the purchase of said materials, supplies, or services will be \$8,000 or more within the fiscal year. For amounts below \$8,000, the award will be made by the purchasing agent.

(c) Items Covered By Warranty or Guarantee

The city buys many items which have a warranty or guarantee for a certain length of time, such as tires, batteries, water heaters, roofs, and equipment. Before these items are repaired or replaced, the purchasing agent should be consulted to see if the item is covered by such warranty or guarantee. The purchasing agent shall maintain an active current file with complete information on such warranties or guarantees. All warranties must be remitted to the purchasing agent with the invoice indicating date of receipt.

(d) Signatures

Contracts, applications for title, tax exemption certificates, agreements, and contracts for utilities shall not be signed by any city employee unless authorized in writing by the purchasing agent or by action of the governing body.

(e) Trade-Ins

List of equipment to be used as trade-in shall accompany the request and

specifications. The list includes the model, year, serial and city tag numbers, and other pertinent data.

(f) Sale of Surplus Property

When the Purchasing Agent decides there is surplus equipment or material in the city, he shall figure out the best way to dispose of those items with an estimated value of less than \$100 and dispose of them. Items with an estimated value of more than \$100 shall be advertised for bidding, which will begin after the purchasing agent has received approval from the governing body. Such equipment or materials will be sold to the highest bidder.

(g) Inspection and Testing

When necessary, the purchasing agent may have all deliveries of supplies, materials, equipment, or contractual services inspected to be sure their performance is meeting specifications made in an order or contract. The purchasing agent may also require chemical and physical tests of materials submitted with bids and delivery samples, or after products have been delivered. These tests may be necessary to be sure the quality of materials is up to the desired standards. When performing such tests, the purchasing agent may use lab facilities of any outside lab.

(h) Purchase of Property at Public Auction (TCA 12-3-1006)

(a) The purchasing agent may purchase at any publicly advertised auction new or secondhand articles or equipment or other materials, supplies, commodities and equipment without public advertisement and competitive bidding.

(b) The purchasing agent shall report the following information to the governing board;

1. A description of the materials, supplies, commodities or equipment that was purchased.
2. The auction where such items were purchased.
3. The purchase price of such items.
4. The vendor of such materials, supplies, commodities or equipment.

(i) Purchases Through State-General Services (TCA 12-3-1001)

Cities may take advantage of so called state prices regardless of any charter or general law requirements. Not all prices quoted to the state are available to local governments. The items, price, and vendor information are available from the purchasing division of the Department of General Services.

(j) Buy America Act (TCA 54-5-135)

Cities must not buy any materials used for highway or roadway construction, resurfacing, or maintenance from any foreign government, any company wholly owned or controlled by a foreign government, or any agency of such foreign government or company. Materials include, but are not limited to asphalt cement, asphalt emulsion, rock, aggregate, liquid and solid additives, sealers, and oils. This legislation will not apply if materials made by American companies are of unsatisfactory condition, are not of sufficient quantity, or increase the overall project cost by 5 percent more than the overall project costs using materials produced by foreign companies.

(k) Purchases of Confiscated Property from the State (TCA 12-2-201)

The purchasing agent may buy a motor vehicle that has been confiscated by the state by any city officer, employee, or their agent when the purchase is for municipal use. Purchases over \$8,000 shall require board approval.

(l) Interest of Officer in Municipal Contracts (TCA 6-54-107)

No one holding a city office, elected or appointed, shall contract with the city for any work. Nor shall such person hold or have any direct interest in such a contract. Direct interest is defined as any business in which the official is the sole proprietor, a partner, or the person who has the controlling interest. Controlling interest means the person with the ownership or control of the largest number of outstanding shares owned by any individual or corporation.

No city officer shall be indirectly interested in any contract with the municipality unless the officer publicly acknowledges his interest. Indirectly interested is defined as any contract in which the officer is interested, but not directly, but includes contracts where the officer is directly interested, but is the sole supplier in the municipality.

(m) Personal Interest of Officers Prohibited (TCA 12-4-101)

It is unlawful for any person whose duty is to vote for or to supervise any contract with a city to be directly interested in such a contract. No city officer or other person whose duty is to superintend any contract with a city shall be indirectly interested in any such contract, unless the officer or person publicly acknowledges his interest.

(n) Preference to Local Dealers

When buying supplies, materials, equipment, and services for the city's requirements, preference shall be given dealers who have stores or warehouses within the city-price, quality, delivery, and service being equal.

(o) Federal Excise Tax and Sales Tax

The City is exempt from the payment of excise taxes imposed by the federal government, and suppliers should be required to deduct the amount of such taxes from their bids, quotations, and invoices. The City is not required to pay sales tax on purchases. Note: purchases made in other states, where possession is taken in the other state, may require the payment of state sales tax.

(p) Standardization Requirements

Standardizing supplies and materials that can be bought in large quantities can save a great deal of money. Thus, department heads should adopt as standards a minimum number of quantities, sizes, and varieties of commodities consistent with successful operation. Where practical, materials and supplies should be bought on the basis of requirements for a six-month period.

(q) Inspection of Deliveries

No invoices for supplies, materials, or equipment shall be accepted for payment until such supplies, materials, etc., have been received and inspected by the department head.

(r) Correspondence with Suppliers

Copies of any correspondence with suppliers concerning prices, adjustments, and defective merchandise shall be forwarded to the purchasing agent. All invoices, bills of lading, delivery tickets, and other papers relating to purchases shall be sent to the purchasing agent.

(s) Claims

The purchasing agent shall prosecute all claims for shortages, breakages, or other complaints against either shipper or carrier in connection with shipments.

(t) Public Inspection of Records

The purchasing agent shall keep a complete record of all quotations, bids, and purchase orders. Such records shall be open to public inspection.

(u) Within the Limits of the Approved Budget

Purchases must stay within appropriation limits in funds requiring budgets either by law, regulation, or policy. Appropriation limits do not apply to nonexpendable funds not requiring budgets, such as enterprise funds, intra governmental service funds, and nonexpendable trust funds.