

TOWN OF RANDOLPH PURCHASING POLICY

I. PURPOSE:

The purposes of this policy are:

- 1) to establish adequate control over the purchasing process in all town departments;
- 2) to ensure proper accountability on purchasing decisions;
- 3) to insure sound and cost-effective purchasing decisions; and
- 4) to provide a basis for the efficient use of public funds through open competition among vendors and service providers.

All operating departments and agencies making purchases through the Town of Randolph must secure their goods and services consistent with this policy. For the purpose of this policy, the Town Manager or designee is the authorized purchasing officer and shall have authority to establish and enforce such rules and regulations for the purchase of goods and services within the Town of Randolph. Purchases should always be made via Town of Randolph accounts in order to take full advantage of the sales tax exemption afforded to the Town by virtue of being a governmental entity. Any purchases made by town employees and submitted for reimbursement shall not be reimbursed for any sales tax paid.

II. EFFECTIVE DATE:

The effective date of this policy shall be November 12, 2020. This policy is being adopted to clarify and update the purchasing policy that was in effect prior to this date.

III. CODE OF CONDUCT:

No Town employee or agent of the Town of Randolph which participates in the selection of vendors or award of contracts shall have any personal interest, either real or apparent, in the selection process. Town employees involved in the procurement process shall not, directly or indirectly, accept gifts, favors, or anything of monetary value over \$50.00 from contractors or potential contractors. At all times Town employees engaged in the procurement of goods, and service must maintain a proper "arms-length business relationship with vendors"* (clarified as a relationship in which each party, vendor and municipality, acts in its own best interest). If it is discovered that a Town Employee received any sort of gift, favor, or anything of monetary or symbolic value from contractors or potential contractors, valued over \$50.00, the result will be immediate termination.

IV. VENDOR SELECTION:

It shall be the policy of the Town of Randolph that, when feasible, preference will be given to local suppliers and vendors and Vermont-based vendors. Such preference is limited to instances where the goods and services are comparably priced, have equal quality, and where the providers have

* "Arm's length transaction" is a transaction in good faith in the ordinary course of business by parties with independent interests.

equal experience. The Town of Randolph will, as a matter of policy, attempt to select those vendors and service providers which offer the best combination of price, service, and expertise.

V. CATEGORIES OF PROCUREMENT:

All purchases made by the Town of Randolph shall adhere to this policy. Purchases are defined as the expenditure of taxpayer or ratepayer funds on a product or service. The cost of procurement, such as legal costs or the cost of town employees' time, is not considered part of the cost of the good or service. This policy classifies purchases into four categories: 1) Small purchases, 2) Purchases involving the expenditure of between \$1,000 and \$3,000, 3) Purchases involving the expenditure of between \$3,000.01 and \$10,000 or 4) Purchases involving the expenditure of over \$10,000. ALL purchases for more than \$1,000 must have an approved purchase order prior to placing the order.

1) SMALL PURCHASES: Any purchase of goods or services involving less than \$1,000. Purchases are not to be broken into smaller parts (individual purchases) in order to avoid obtaining a purchase order or competitive bidding requirements.

2) PURCHASES VALUED BETWEEN \$1,000 and \$3,000: Any purchases for goods or services that cost between \$1,000 and \$3,000 must have a purchase order approved PRIOR to placing the order.

3) PURCHASES VALUED BETWEEN \$3,000.01 and \$10,000: Any purchase order requests for goods or services that cost between \$3,000.01 and \$10,000 must be accompanied by at least two price quotes. A purchase order must be approved before placing an order. By definition this includes:

- a. a written estimate from a supplier of the product or services.
- b. the estimate must include all pricing for supplies, materials, and any labor costs associated with the purchase. The estimate for a service must include all related costs, including hourly rates for individuals providing the service.
- c. the quote must state whether it's fixed, variable, or on a not-to-exceed basis.

4) PURCHASES VALUED OVER \$10,000: Any purchase of goods or services involving the expenditure of more than \$10,000 of taxpayer or ratepayer's dollars must be subject to open competition, unless a determination is made by the Town Manager that sole source procurement is appropriate. Open competition can be accomplished through either the competitive sealed bid process, Request for Proposals (RFP) process, or Request for Bids (RFB) process, whichever in the opinion of the Town Manager is determined to be the most appropriate. Whether or not an RFP or RFB is used, or a competitive sealed bid is used, each must encourage open competition through the following procedures:

- a) All bids or proposals must be publicly advertised in at least one paper of local circulation.
- b) Invitation for bids or proposals will be solicited from an adequate number of known suppliers.
- c) Invitations for bids or proposals will provide a reasonable amount of time to prepare bids and submit responsible proposals.

- d) Notification that sealed bids or proposals will be publicly opened at a specified date and time, as publicly advertised.
- e) A clear deadline for proposals. Purchases that are subject to an RFP process are not necessarily appropriate for the same type of public bid opening as sealed bids, but efforts will be made to provide the public with information about the proposals after the deadline for submission has passed.
- f) The basis for award and rejection of bids or proposals.

After the bid process is complete and the selected bid is awarded, a purchase order must be submitted and approved.

VI. THE PURCHASING PROCESS

The intent of the purchasing process is to provide departments and agencies within the Town of Randolph with sufficient flexibility necessary to function effectively while ensuring that adequate control and accountability are present. In order to provide flexibility in purchasing, the following are the methods in which purchases made in the name of the Town of Randolph will be honored:

- 1) Petty cash purchases
- 2) Normal purchase orders
- 3) Emergency purchase orders
- 4) Blanket purchase orders
- 5) Sealed bids
- 6) Request For Proposals
- 7) Sole Source procurement

1) PETTY CASH PURCHASES:

Petty cash procedures are intended to meet the minor unexpected purchases of individual employees when it is not practical to follow the normal purchasing process. Petty cash is designed to address the need for employees to occasionally make small out of pocket purchases. For the purpose of these policies “Petty Cash” is defined as \$100.00 or less. The petty cash process is not intended to supplant the normal purchasing process. It is solely designed to provide a means by which an employee can be quickly reimbursed for minor expenses, when proper documentation is provided. No request for petty cash will be honored unless it is accompanied by a receipt.

2) NORMAL PURCHASE ORDERS (PO):

The normal purchase order process is designed to meet the majority of purchasing requirements of all departments and funding agencies. Normal Purchase Orders are for purchases of \$1,000 or more. It requires the ability to plan and schedule purchasing needs. All purchases made on behalf of the Town of Randolph must utilize the normal purchase order process.. Once submitted, all purchase order requests will be reviewed and issued as soon as possible. Failure to utilize the approved purchase order (PO) process may result in the purchase not being honored. Under no circumstances are PO’s to be prepared after the purchase has been made, unless the emergency criteria apply. All supervisors who sign off on PO’s must ensure that all required information is provided and that the proper account number is utilized. Failure to note a proper account number will result in the PO being denied.

ALL purchases over \$1,000 must have a purchase order approved PRIOR to placing the order. Purchases over \$3,000 and less than \$10,000 must be accompanied by at least two (2) price quotes. The only exemption to this requirement is those goods or services which can only be secured from a sole supplier. All sole source suppliers must be approved by the Town Manager prior to the issuance of a purchase order. Price quotes will be randomly verified to ensure compliance with this requirement.

The purchase order request first must be submitted to the Finance Department where it will be checked for the information listed below. After the information has been verified, a purchase order number will be assigned and it will be entered into the accounting system.

- a) Purchase order request is complete and authorized by Department Head and Town Manager or designee.
- b) Verification of the availability of funds.
- c) Sufficient information regarding solicitation of at least two (2) price quotes for purchases between \$3,000.01 and \$10,000.
- d) Proper expenditure coding.
- e) Compliance with purchasing policy and bidding requirements.

3) EMERGENCY PURCHASE ORDERS:

The emergency purchase order process is defined to address emergency situations where it is impractical to utilize the normal purchase order process due to health and safety issues. It is not intended to provide a means by which the normal purchasing process and its requirements can be skipped. All purchases made under the emergency purchase order process must be approved by the Town Manager within two working days of the actual emergency and a purchase order assigned. In these cases, the Department Head may authorize a purchase without review of the Finance Department, and the PO may be filled out within the next two working days.

4) BLANKET PURCHASE ORDERS:

The blanket purchase order should be considered a rare process and is designed to provide flexibility and control of reoccurring purchasing needs. Use of this method should be specific to certain commodities. The Town Manager or designee must review and approve the use of all blanket purchase orders and may approve higher amounts.

5) SEALED BIDS: The sealed bid process is appropriate for purchases where a fixed price or unit price can be determined, and where clear specifications can be established in advance to which the service provider or supplier can respond. For competitive sealed bids, the Town will draw up specific quantities and product specifications, which will be provided to prospective bidders as part of the bidding process. The award of a contract or purchase will consider all of the following criteria:

- a) The price,
- b) Quality of product or service,
- c) Track record in the provision of the product or service, and
- d) The proposal that is the most responsive to the bidding documents.

The award will not necessarily be based on the lowest price alone. The town reserves the right to reject any or all bids that are submitted for any reason.

Prior to publication, the Department Head must develop formal bid specifications for advertising. These specifications must be submitted to the Town Manager or designee for review and approval prior to advertisement. Under no circumstance are bids to be published without the approval of the Town Manager. Results of the bid openings are public information. After each bid is opened, each supervisor is responsible for the review of the bid and making specific recommendations to the Town Manager for approval. Bids of over \$25,000 must have Selectboard approval.

6) REQUEST FOR PROPOSALS (RFP): Unlike projects where clear and objective specifications can be detailed in advance of the bidding process, the RFP process can be used for the solicitation of professional and other services where qualitative judgments must be made in regard to the particular service, or when several different approaches to the particular service might be appropriate. Examples of the types of things that can utilize the RFP process include but are not limited to: 1) legal services, 2) auditing services, 3) engineering services, 4) banking services, 5) architectural services, and 6) other specialized consulting services. RFPs are also appropriate for the solicitation of services that may not involve any cost to the Town taxpayers or ratepayers, but that will involve town resources or property.

RFPs should be conducted with the intent of having more than one service provider respond. The RFP documents that are published must have specific approval from the Town Manager prior to the submission of an RFP. Proposals valued at over \$25,000 must have Selectboard approval.

The minimum requirements of the RFP process include the following:

- a) The RFP must be either publicly advertised or publicized within a given profession. Factors pertinent to the review and award of such a request for services must be clearly noted in the RFP.
- b) RFPs must be solicited from an adequate number of qualified sources.
- c) Awards will be made to the most responsible and responsive firm which is able to demonstrate that its proposal is most advantageous to the Town of Randolph from the perspective of price, quality, approach, and experience.

7) SOLE SOURCE PROCUREMENT:

There are instances where the purchase of a good or a service may not be most effectively and inexpensively obtained through the competitive bidding or proposal submission process. In these cases, the Town Manager may determine that it is in the best interest of the Town to procure goods or services through a sole source procurement process. At a minimum, this process will require an investigation and determination by the Town Manager that sole source procurement is appropriate. This determination may be made when at least two of the following conditions apply:

- 1) There is only one provider of the product or service;
- 2) There are time pressures beyond the control of the Town that require expedient procurement of a good or service;

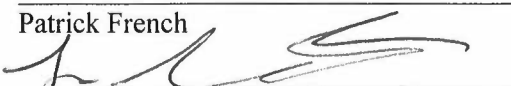
- 3) The history of the good or service provider is such that there is no other firm with the information about existing town facilities or conditions to provide a comparable level of service to the Town;
- 4) The services of the firm were originally procured with a competitive bidding or proposal process;
- 5) A detailed review is done of state price information or information from comparable product or service providers to determine that the price of the good or service procured does not exceed the price that could be obtained through a competitive process.

For any purchases over \$25,000, the approval of the Randolph Selectboard will be required before sole source procurement is allowed.

Passed and Adopted by the Selectboard of the Town of Randolph, Vermont this 12th day of November, 2020.

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