

1. Definitions

- a. **Bid Specification** – Are written descriptions of the goods, materials, services, or supplies to be contracted for. The City of Madison recognizes the importance that invitations to bid and bid specifications be made available to the public. Bid specifications may be made available in the invitation to bid.
- b. **Certification** – Every bid submitted to the City of Madison and every public contract executed pursuant to such bids shall contain a certification by the contractor that the contractor is not barred from contracting with any unit of state or local government.
- c. **Change Order** – The City Manager shall grant approval to a change order in any public contract after determining the change in performance (1) was not reasonably foreseeable at the time the contract was signed, (2) was not within the contemplation of the contract as signed, or (3) is in the best interest of the City of Madison.
- d. **Contractor Requirements** – Any vendor to perform a service for the City of Madison on any real property must complete and submit contractor requirements.
- e. **Equipment** – An item costing \$100 or more and having a useful life of one year or more. All City equipment must be placed on inventory. It is a violation of this policy to use City equipment for personal purposes without permission of the City Manager.
- f. **Invitation or Solicitation to Bid** – Notice made generally available to the public through advertising in the local newspaper. The invitation may contain specifications of the goods or services sought to be purchased or may direct those interested to the location of such specifications.
- g. **Kickback** – Any money, fee, commission, credit, offer of employment, incentive, premium, gift, gratuity, item of value, or compensation of any kind which is provided directly or indirectly to any contractor or employee for the purpose of improperly obtaining or rewarding favorable treatment in connection with a contract or subcontract. The offering or acceptance of kickbacks is a violation of these policies whether it occurs before, during or subsequent to the procurement process. Any vendor violating this section shall be disqualified from consideration in the contract or subcontract in question.
- h. **Lowest Responsible Bidder** – In determining the lowest responsible bidder, the City shall take into consideration the qualities of the item or project supplied, conformity with the specifications, suitability to the requirements of the City, and the delivery terms.
- i. **Open Bid** – The process in which specifications are developed and a solicitation or invitation to bid and evaluation criteria are written and made available to the public but there are no requirements that bids are to be submitted in sealed envelopes.
- j. **Pre-Bid Conference** – An invitation to all interested parties to sit down and review both bid specifications and evaluation criteria. It is imperative that any changes to specifications or evaluation criteria that come about as a result of a pre-bid conference be clearly communicated to all interested parties and/or general public if such a solicitation was advertised. Pre-bid conferences are not required for compliance with these policies.

- k. **Professional Services Contract** – any contract or commitment that engages a business firm to perform professional services for a fee. Such professional services must involve a highly skilled judgment or training, artistic taste or other similar attribute which is dependent for its quality upon the characteristics and knowledge of an individual and cannot therefore be standardized and competitively bid. Examples include but not limited to accountants, appraisers, architects, attorneys, engineers, law firms, land surveyors, and medical services.
- l. **Public Contract** – Any contract for the purchase of goods, services, materials, equipment or supplies entered into with any person with or without bid by any representative of the City of Madison.
- m. **Purchase Order** – Documentation requesting approval for purchasing a service, materials, equipment or supplies for the City of Madison.
- n. **Seal Bids** – A procedure in which specifications and evaluation criteria are written and distributed to potential vendors and made generally available to the public through an invitation or solicitation to bid. Sealed bidding requires that a date, time and place for the opening of the bids be included in the solicitation and be made generally available to the public. Any official of the City of Madison who knowingly opens a sealed bid at a time or place other than that specified in the invitation to bid, or who knowingly discloses to any interested person information related to the terms of the sealed bid commits a violation of this policy. Sealed bids should be opened in front of witnesses and should be contained in sealed envelopes clearly marked “seal bid” and the good or service being bid upon should be noted. It is not a violation of this policy to open sealed bids in the absence of potential vendors provided that all potential vendors have been adequately notified of the date, time and place of such opening.
- o. **Sole Source** – The practice of limiting procurement to one source.
- p. **Vendor** – Any individual, firm, partnership, corporation, joint venture, or other entity which is currently or potentially a contractor for the provision of services, materials, equipment or supplies to the City of Madison.

2. Eligibility / Vendor Requirements

Any vendor, contractor or subcontractor contracting with the City of Madison must complete the appropriate contractor requirements prior to starting work. The following is a list of the contractor requirement documents:

1. Vendor Application – This form must be submitted to be considered an active vendor, contractor or subcontractor for the City of Madison.
2. W-9 – This form must be completed by all vendors, contractors or subcontractors performing a service for the City of Madison. The form must be signed and include a social security number or employer identification number.
3. SAVE Affidavit – This form must be completed by all vendors, contractors or subcontractors performing a service for the City of Madison.
4. E-Verify Affidavit – This form must be completed by vendors, contractors or subcontractors performing a service on real property for the City of Madison and have more than one employee including the owner. Vendors, contractors or subcontractors that only have one employee including the owner should not complete this form.
5. Certificate of Insurance – Any vendor, contractor or subcontractor performing a service on the City of Madison's property must submit a valid certificate of insurance. This is a certificate issued by the insurance agency of the vendor, contractor or subcontractor. The City of Madison should not contract with a vendor, contractor or subcontractor that cannot provide a certificate of insurance when appropriate.

Any exemptions of this policy must have prior approval from the City Manager.

Procedure:

When the City Purchaser has knowledge of a potential new vendor, contractor or subcontractor, he/she shall make the appropriate contractor requirement documents available for the vendor, contractor or subcontractor to complete. Once the forms have been completed, the vendor, contractor or subcontractor shall submit these to the City Purchaser for review. Once the City Purchaser has reviewed and verified the forms are accurately completed, the City Purchaser shall input the appropriate data into the software system and file.

The City Purchaser is responsible for keeping and maintaining the contractor requirement documents. A current contractor master list should also be maintained by the City Purchaser. At the beginning of each month, the City Purchaser should give the City Manager the master list for review. Any exemptions or missing documentation from vendors, contractors and subcontractors should be noted on the master list.

3. Purchasing Limits

Purchases that involve amounts less than twenty five thousand dollars (\$25,000.00) are considered informal and do not require a formal sealed bid/proposal process. However, the processes used for these types of purchases will include as much competition as necessary for the best interest of the City of Madison.

Purchases may not be artificially divided as to constitute an informal purchase, thereby circumventing the dollar limit requirement for competitive sealed bids/proposals.

The following dollar amounts shall be applied in determining the process to be used in sealed bids/proposals:

1. \$50 or less – Department selection with approval by department supervisor.
2. Over \$50 but less than \$500 – Department selection with approval by the City Purchaser.
3. Over \$500 but less than \$1,000 – Department selection with approval by the City Finance Officer.
4. Over \$1,000 but less than \$5,000 – Three verbal quotes with final approval by the City Finance Officer
5. Over \$5,000 but less than ~~\$12,000~~ \$25,000 – Three written quotes with final approval by the City Manager.
- ~~5-6.~~ Over \$12,000 but less than \$25,000 – with the exception of professional services, gasoline, diesel fuel and aviation fuel purchases, three written quotes. The City Manager will have final approval after notification and review with the Mayor and Council.
- ~~6.~~ Over \$25,000 but less than \$100,000, with the exception of professional services, gasoline, diesel fuel and aviation fuel purchases – Sealed bids. The City Manager will have final approval after notification and review with the Mayor and Council. Sealed bids with final approval by the City Manager.
7. \$100,000 and over – Sealed bids with final approval by the Mayor and Council.

The purchase of professional services, gasoline, diesel fuel and aviation fuel shall be selected by the department head and have final approval by the City Manager.

The City Purchaser should have a copy of the current year's budget listing all approved small equipment and capital items. Any unbudgeted small equipment or capital item must be reviewed by the City Finance Officer and have prior approval by the City Manager. Any unbudgeted capital items over \$25,000 must have prior approval by the Mayor and Council.

4. Purchase Orders

All purchase orders shall be entered electronically through the purchase order software and listed on the purchase order master list. Purchase orders shall include a sequential purchase order number.

A purchase order shall be issued prior to any purchases for goods or services over \$50.00. The following information is needed to receive an approved purchase order:

1. Vendor Name
2. Quantity
3. Item description
4. Price
5. Department
6. Project name – if applicable
7. Ship To address – if applicable

Only approved employees can be issued a purchase order. Approved employees are determined by the department supervisor and approved by the City Manager. The City Purchaser shall maintain the approved employee list. The department supervisor shall notify the City Purchaser of any changes deemed necessary to the list and the City Purchase will get approval from the City Manager.

Procedure:

An approved employee should contact the City Purchaser when purchasing a good or service for more than \$50. The approved employee should provide the City Purchaser with the required information listed above. The City Purchaser should use the Purchase Limit policy for determining proper approval. Once the purchase order has been approved, the City Purchaser shall give the approved employee the assigned purchase order number. The approved employee shall then give the assigned purchase order number to the vendor, contractor or subcontractor to reference on the invoice.

Approved employees should contact the City Purchaser for purchase order numbers through email. If an approved employee does not possess a City of Madison email account, the employee can use other methods to contact the City Purchaser (i.e. telephone or in person). Email should be the first method of contact.

5. Emergency Purchases

Emergency purchases may be made when an emergency exists constituting a threat to public health, safety or welfare. Acquisitions shall be made using such competitive procedures as circumstances reasonably permit. Emergencies shall be documented by the acquiring department, submitted to the purchasing office and shall be subject to approval at the highest level designated in the Purchasing Limit policy for the purchase amount.

6. Sole Source

A contract may be awarded or a purchase made without competition when the City Manager determines that there is only one source for the required good, service or constructed item. The City Manager shall conduct negotiations, as appropriate, as to price, delivery and other terms. ~~The City Manager has the right to designate the City Purchaser to conduct negotiations, as appropriate.~~ A record of sole source purchases shall be maintained as a public record and shall list each contractor's name, the amount and type of each contract. The purchase order shall list the items(s) purchased under each contract. The Finance Officer shall distribute the record of sole source vendors to the Mayor and Council on a quarterly basis.

7. Small Equipment / Capital Asset Purchases

Small Equipment is considered any tangible equipment over \$100 but less than \$2,500 with a useful life of one year or more. All City of Madison equipment must be placed on inventory with the City Finance Officer.

Capital assets are any tangible property, including land, buildings, equipment, infrastructure, and land improvements, at least \$2,500 and has a useful life of more than one year. Capital assets must be placed on inventory with the City Finance Officer.

A purchase order must be issued for any small equipment or capital asset purchase. The City Purchaser should use the Purchase Limit policy for determining proper approval.

The City Purchaser should have a copy of the current year's budget listing all approved small equipment and capital items. Any unbudgeted small equipment or capital item must be reviewed by the City Finance Officer and have final approval by the City Manager.

It is a violation of this policy to use City equipment for personal purposes without permission of the City Manager.

8. Competitive Sealed Bids / Proposals

Any purchase or acquisition of \$25,000 or more shall be acquired through a competitive sealed bid.

Any purchase or acquisition of \$5,000 but less than \$25,000 shall be acquired through written quotes.

An invitation for bids shall be issued and shall include specifications, location where documents may be obtained and the date, time and place of bid opening. Notice of any required bonding and insurance shall be included in the public notice. Public notice of an invitation to bid shall be advertised in the local newspaper and posted on the City's website at least two weeks prior to the bid opening.

No written bid shall be eligible for consideration by the City unless it is placed in a sealed envelope or package and actually received by the City Manager or designee by the date and time specified in the invitation to bid. All envelopes and packages containing bids shall be stamped with the date and time of receipt and secured until the designated opening time. A sealed bid received late shall under no circumstances be eligible for consideration by the City. Any official of the City of Madison who knowingly opens a sealed bid at a time or place other than that specified in the invitation to bid, or who knowingly discloses to any interested person information related to the terms of the sealed bid commits a violation of this policy.

Bids shall be opened publicly and in the presence of ~~one or more witnesses~~ two Council members on the date and at the time and place designated in the invitation to bid. Bids shall be evaluated based on the requirements set forth in the invitation for bids. The name of each bidder, the price contained in each bid, and such other information as the City Manager deems appropriate shall be announced as the bids are opened. A record of bid information shall be recorded and available for public inspection.

9. Pre-Bid Conference

Pre-bid conferences may be held for formal sealed bids to provide bidders with the opportunity to review bid specifications and evaluation criteria and ask questions regarding the bid. The invitation to bid will outline the time and place for the pre-bid conference. It is imperative that any changes to specifications or evaluation criteria that come about as a result of a pre-bid conference be clearly communicated to all interested parties and/or the general public if an invitation of bid was advertised. Pre-bid conferences are not required for compliance with these policies and may be held in advance of the finalization of bid specifications and/or evaluation criteria.

10. Modification / Change Orders

Correction or withdrawal of bids before or after bid opening, or cancellation of awards or contracts based on bid or clerical mistakes may be permitted where appropriate and approved by the City

Manager. After the bid has been awarded and a contract is in place, the City Manager has the authority to approve a change order where the change in performance was not reasonably foreseeable at the time the contract was signed or is in the best interest of the City. Any change order that is more than ~~the lesser of~~ ten percent (10%) of the contract amount or \$25,000 must be approved by Mayor and Council.

11. Bid Award / Rejection

The contract shall be awarded by written notice from the City Manager to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids.

The City Manager has the right to reject any and all bids if deemed necessary for the best interest of the City of Madison. The City Manager shall notify and review with Mayor and Council of any and all rejected bids.

12. Responsibility of Bidders

The City Manager shall take the following responsibilities into consideration when reviewing and approving bids:

- Bidders shall submit bids or proposals in good faith.
- Bidders shall practice ethical business practices.
- Bidders shall not owe delinquent fees, taxes or other amounts to the City of Madison.
- A bidder shall not have willfully or repeatedly breached contracts with the city.
- Bidders must be licensed to do business in the state.
- If the bidder is local, the bidder must be licensed with the City of Madison and/or Morgan County.

13. Collusive or anti-competitive practices

No bidder shall engage in collusive or anti-competitive practices, including kickbacks, in responding to an invitation to bid. Any vendor or bidder violating this section shall be disqualified from consideration in the contract or subcontract.

14. State and Federal Contract Use

The City Purchaser may use state and federal contracts for purchasing any products that are available to local governments. By using this method, the necessity of bidding items over \$25,000 will be eliminated due to the fact that the state has already bid the item.

15. Purchasing Cards

The purchasing card program is a Visa card product administered by Bank of America. The purchasing card has been implemented to provide departments with a more efficient system of making purchases of less than \$500. Purchases will be charged directly to the departmental account numbers and will show on each department's financial report. The City of Madison will issue one payment each month to Bank of America for all purchasing card purchases.

The primary benefits of the purchasing card system for department users are:

- Acceptance by any supplier who accepts Visa
- More timely purchase and receipt of goods
- Reduction in costs associated with processing purchase orders
- Increased information about purchasing transactions

The Finance Officer will administer the purchasing card program and will act as the liaison between the departments, vendors and Bank of America.

I. Program Overview:

- Purchasing cards will be issued to City employees only.

- The employee's name must be embossed on the card.
- Purchasing cards shall not be transferrable between individuals or departments.
- Each cardholder will be assigned to a department head.
- Employee's immediate supervisor and City Manager must approve the request for a card.
- The cardholders will complete a Purchasing Card Activity Log form, attach receipts, and forward to department head for review and approval.
- The Finance Officer will receive monthly Cardholder statements and a consolidated invoice from Bank of America at the end of each monthly billing cycle.
- An ACH payment (bank account draft) is made to Bank of America within 25 days after the end of the billing cycle.

II. Cardholder Responsibilities:

Issuance of a purchasing card is a relationship of trust between cardholders, department, and the City of Madison. The Finance Officer's responsibility is to provide quality service and information to the City Manager, Cardholders, and Departmental Heads. Cardholder's responsibilities are outline below.

Before using the purchasing card, determine if it is the appropriate purchasing method. Generally the purchasing card can be used for most purchases under \$500. There are, however, a number of exceptions for the specific types of goods and services that can be purchased using the purchasing card. For a complete list of these exceptions, please see *Unauthorized Purchases*.

- The purchasing card shall be used strictly for City of Madison business. **No personal use of card is allowed.**
- Only the approved cardholder shall use the purchasing card. The card is **not** transferable between employees.
- Cardholders **shall not** receive cash back for any refunds or exchanges. Refunds or exchanges must be credited to the purchasing card account.
- The purchasing card may be used in person, via mail, telephone, fax or internet purchases.
- Cardholders shall tell suppliers that they will be paying with the purchasing card (Visa) and state that the City of Madison is exempt from Georgia sales tax. The Finance Officer or City Purchaser can provide a copy of the State Exception Certificate in the event that a supplier requires a hardcopy. This certificate can be presented in person, faxed or emailed to the supplier.
- If a supplier does not accept the purchasing card, purchases shall be made through the normal purchase requisition process.
- Cardholders shall retain copies of original itemized receipts and related documents. The documentation may be required for auditing purposes by the IRS, City Auditors, and/or other agencies that require auditing of City expenditures.
- Cardholders shall forward receipts with the appropriate "Purchasing Card Activity Log" to the Department Heads.

- Cardholder shall report lost or stolen cards immediately to their Department Head and to the Finance Officer. The Finance Officer shall immediately report a loss or theft to Bank of America at 1-800-300-3084 or online.
- The Purchasing Card shall always be treated with at least the same level of care cardholders treat their own personal credit cards. Cardholders shall keep the Purchasing Card in a secure location and guard the Purchasing Card account number carefully.

The Cardholder is responsible for ensuring the card is used within the guidelines set forth by the Department Head relating to the expenditure of Departmental Funds. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to his/her immediate supervisor and City Manager and further disciplinary measures that may include termination.

III. Unauthorized Purchases:

The Purchasing Card **shall not** be used to purchase the following items:

- All services available through the City’s Annual Contracts.
- Professional Services – Architectural / Engineering, Legal or other state-certified professional services.
- Telecommunications Equipment and Internet Services. Information Systems personnel are not restricted from purchasing these items.
- Meals and Entertainment – The card may be used for travel / training, but shall not be used for meals while traveling. The cardholder shall reference the Travel Policy in the Personnel Manual.
- Any personal purchases

IV. Department Head Responsibilities

The City Manager will assign a Department Head for each Purchasing Card application approved for his/her employees. The Department Head responsibilities include:

- Review and approve vendor receipts attached to the “Purchasing Card Activity Log”.
- Forward all cardholder’s “Purchasing Card Activity Log” with attached receipts to the Finance Officer.
- Notify the Finance Officer of any disputes with vendors. The Finance Officer will attempt to resolve any disputes with vendors and/or Bank of America.
- Notify the Finance Officer or City Purchaser of any transactions which require the submission of the Sales and Use Tax Exempt Form and include the vendor contact information.
- Notify the Finance Officer of lost or stolen cards.

- Departmental Heads shall retrieve cards from employees who leave City of Madison or move to a job in which they will no longer require a Purchasing Card. The Department Head will forward the card to the Finance Officer to destroy. The Department Head shall inform the Finance Officer the reason for canceling the account.
- Notify the Finance Officer of any request to have Bank of America set up a vendor to accept credit cards.
- Assist Cardholder with erroneous declines and emergency transactions.
- Submit Cardholder's "Purchasing Card Activity Log" with attached receipts to the Finance Officer every Monday for purchases made during the prior week.

V. Finance Officer's Responsibilities

The City Manager will assign the Finance Officer to be responsible for the over-all Purchasing Card Program. The responsibilities include:

- Organization liaison with Bank of America.
- Utilize Works Software from Bank of America.
- Review department approved applications for completeness of required information.
- Submit completed applications to Bank of America and receive Purchasing Card from Bank of America.
- Training Department Heads before releasing Purchasing Cards.
- Training Cardholder before releasing Purchasing Card.
- Have Cardholder sign Cardholder Agreement (Appendix I), signifying agreement with the terms of the Purchasing Card Program.
- Providing a list of cardholders to Mayor and Council when necessary.
- Handle disputed charges/discrepancies with vendor and /or Bank of America.
- Securing revoked Purchasing Cards and submitting information to Bank of America.
- Receiving and reviewing Bank of America bill.
- Submitting bill to City Manager for final approval.
- Processing electronic upload of bill to accounting.
- Reconcile Bank of America's bill to Bank of America's electronic file and to the transaction totals posted to the City's accounting system.
- Reviewing usage of Purchasing Card data for appropriateness.
- Ensuring that lost or stolen cards have been blocked by Bank of America.
- Forwarding vendor set up requests to Bank of America.
- Assisting the Department Heads with erroneous declines and emergency transactions.
- Close accounts of Cardholders if the Cardholder's employment has been terminated or if the Cardholder has moved to a new job in which a Purchasing Card is not required.

- The Finance Officer can also close a Cardholder's account for any of the following reasons which will also subject the Cardholder to disciplinary action in accordance with City Policies and Procedures relating to disciplinary action and termination for cause:
 - 1) The Purchasing Card is used for personal or unauthorized purposes.
 - 2) The Purchasing Card is used to purchase alcoholic beverages or any substance, material or service, which violates policy, law or regulation pertaining to the City.
 - 3) The Cardholder allows the card to be used by another individual.
 - 4) The Cardholder splits a purchase to circumvent the limitations of the Purchasing Card.
 - 5) The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to either Cardholder or the limitation of the Purchasing Card.
 - 6) The Cardholder fails to provide the Department Head with required receipts.
 - 7) The Cardholder fails to provide, when requested, information about any specific purchase.
 - 8) The Cardholder does not adhere to all the Purchasing Card policies and procedures.

VI. Auditing

When deemed necessary, the Finance Officer will perform an internal audit on the Purchasing Card Program and may have an external audit completed. Areas to be monitored include, but are not limited to, compliance with Purchasing Card policies and procedures, compliance with City ordinances, and sales and use tax charges. Non-use of card by Cardholder will also be monitored.

16. Petty Cash

The purpose of this policy is to establish procedures for the petty cash fund and the custody of this fund. The petty cash fund is established for reimbursement of small out-of-pocket expenses incurred in the course of conducting City of Madison business. The petty cash fund is not established to bypass the City of Madison's accounts payable and purchasing policies and procedures. The City of Madison has established a petty cash fund for a total of \$300.

I. Security of the Petty Cash Fund

The Finance Officer will serve as the Petty Cash Custodian. The City of Madison will hold the Petty Cash Custodian liable for misuse or mismanagement of funds. The Petty Cash Custodian is responsible for the safekeeping of the fund and should keep the fund in the locked safe. Access to the fund must be limited to the Custodian. The petty cash fund should never be left unattended and unsecured. In the event funds are lost or stolen, the Custodian must contact the City of Madison Police Department to file a police report and must immediately notify the City Manager of the loss.

II. Unauthorized Purchases / Reimbursements

Petty Cash funds may **NOT** be used for the following:

1. Item / receipts in excess of **\$50.00**. Any exceptions will have to be approved by the City Manager.
2. Cashing of personal checks or providing personal loans.
3. Alcoholic beverages and tobacco
4. Donations
5. Leases and rentals
6. Maintenance agreements
7. Personal items
8. Professional services
9. Wages or Salaries
10. Any expense that is reportable to the IRS or subject to income tax withholding.

III. Managing the Petty Cash Fund

It is the duty of the Custodian to insure that the disbursement is appropriate and is an allowable expense. Receipts must be obtained to support the disbursement when appropriate. The payee must supply the custodian with the following information:

- Vendor Name
- Amount
- Department
- General Ledger Expense Code
- Description of Purchase

The Custodian must complete a Petty Cash Reimbursement Request and attach any receipts to the form. The form should be forwarded to Accounts Payable for processing. The Petty Cash Reimbursement Request is a two-part, pre-numbered form.

IV. Replenishment of Petty Cash Funds

Replenishment of the petty cash fund should be done on a timely basis, preferably once a week, and must be processed by Accounts Payable. The petty cash fund will be replenished only in amounts up to the original amount advanced.

Once the Custodian forwards the Petty Cash Reimbursement Request to Accounts Payable, the Accounts Specialist should enter the request into the accounts payable software by the voucher number on the request. Once the Accounts Specialist has processed the reimbursement check, the check should be forwarded to the Cashier Clerk for cashing. The Cashier Clerk shall then forward the reimbursement to the Custodian to replenish the petty cash fund.