

BOROUGH OF ATLANTIC HIGHLANDS

PURCHASING MANUAL

A GUIDE FOR ALL MUNICIPAL DEPARTMENTS, BOARDS AND
COMMISSIONS IN THE PREPARATION OF REQUESTS
FOR GOODS AND SERVICES



Adam Hubeny
BOROUGH ADMINISTRATOR

Dwayne M. Harris
QUALIFIED PURCHASING AGENT

Dated:
August 25, 2012

Ordinance 09-2012 - Adopted September 12, 2012

INTRODUCTION

The procedures in this manual, by authority of the Governing Body of Atlantic Highlands, are applicable to all Municipal Departments, Constitutional Officers, Agencies, Boards, Commissions and other offices, which operate within the framework of the Borough of Atlantic Highlands Budget.

The purpose of this manual is to outline the procedures, for procuring goods and services under the New Jersey Local Public Contracts Law. (N.J.S.A. 40A:11-1 et. seq.)

The Mission Statement of the Purchasing Department is: The Purchasing Department in the Borough of Atlantic Highlands is charged with the responsibility of assuring all purchases of goods and services, and subsequent payments made through the Purchase Order process, are completed in compliance with the New Jersey Local Public Contracts Law (N.J.S.A. 40A11-1 et. seq.)

All purchases of goods and/or services must have a basis of award as defined in the Local Public Contracts Law, N.J.S.A. 40A:11-1 et. seq. A basis of award is a: Purchase less than \$25.00 which is petty cash; Non-recurring purchase less than 15% of the Bid Threshold requires two quotes; Purchases between \$17,500.00 to above the bid threshold require a formal process; i.e. Bid, RFP or RFQ for a Commodity that is exempt from formal written bid (not necessarily exempt from Pay to Play reform); Purchase via State Contract , Emergency Contract , Purchase via Federal Supply Schedule or GSA (SPECIFIC AUTHORIZATION) Purchase from an authorized Cooperative.

Recognizing that purchasing is the responsibility of the Qualified Purchasing Agent, employees, volunteers, departments, boards, committees and commissions are charged with following the established procedures for the requisitioning of materials, supplies, goods and services as set forth in this manual.

Table of Contents

| | |
|--|-----------|
| Definitions: used throughout Manual | 4 |
| PART ONE: GENERAL POLICIES | 7 |
| Introduction, Policy, Directory | |
| I. Legal Authorization/Authority of Purchasing Agent | 7 |
| II. Price Objectives | 7 |
| III. Methods of Securing Prices | 8 |
| A. Small Purchase, Petty Cash under \$25.00 | 8 |
| B. Quotations | 8 |
| C. State Contracts | 8 |
| D. Blanket Purchase Orders | 8 |
| E. Procurement Cards | 9 |
| F. Bids | 9 |
| G. Leases | 10 |
| H. Co-operative pricing schedules | 10 |
| IV. Emergency Purchases and Contracts | 10 |
| V. Procurement Card Program | 11 |
| VI. Statutory and Other Requirements | 12 |
| A. Affirmative Action | 12 |
| B. Prevailing Wage Act | 12 |
| VII. Vendor Relations | 12 |
| A. General | 12 |
| B. Gifts and Gratuities | 13 |
| C. Vendor responsibilities | 13 |
| D. Selection | 14 |
| E. Payment | 14 |
| F. Unsatisfactory Vendor performance | 14 |
| PART TWO: REQUISITIONS | 14 |
| II. Instructions for Requisitions | 15 |
| Normal Purchasing procedure | |
| PART THREE: THE PURCHASE ORDER/VOUCHER | 16 |
| I.Process | 16 |
| II. Requests for Duplicate Vouchers | 16 |
| III. Partial Payments | 16 |
| IV. Asset inventory | 16 |
| PART FOUR: ADDITIONAL PURCHASING FUNCTIONS | 16 |
| 1. Sales tax exemption certificates | 16 |
| II.Surplus/obsolete Municipal personal property | 16 |
| III.Pay to Play Issues | 17 |

Definitions:

LPCL - Local Public Contract Law 40A: 11-1 et. seq

RULES - New Jersey Administrative Code N.J.A.C. 5:34-5 et-seq

DCA/DLGS - New Jersey Department of Community Affairs/Department of Local Government Services

AGGREGATE - The sums expended or to be expended for the provision or performance of any goods or services in connection with the same immediate purpose or task, the furnishing of similar goods or services, during the same contract year through a contract award by a contracting agent.

COMPETITIVE CONTRACTING - The method described in sections 1 through 5 of PL1999, c.440 (c.40A: 11-4.1 through c.40A: 11-4.5) of contracting for specialized goods and services in which formal proposals are solicited from vendors; formal proposals are evaluated by the purchasing agent or counsel or administrator; and the governing body awards a contract to a vendor or vendors from among the formal proposals received.

CONFIRMING ORDER - A confirming order occurs when a department wishes to place an order for a needed item or service without subjecting the purchase to the normal purchasing procedures of the Municipality. **Confirming orders are permitted only in bona fide emergency situation.**

CONTRACT - Any agreement, including but not limited to a purchase order or a formal agreement, which is a legally binding relationship enforceable by law, between a vendor who agrees to provide or perform goods or services and a contracting unit which agrees to compensate a vendor, as defined by and subject to the terms and conditions of the agreement. A contract also may include an arrangement whereby a vendor compensates a contracting unit for the vendor's right to perform a service, such as, but not limited to, operating a concession stand.

CONTRACT YEAR - The period of 12 consecutive months following the award of a contract

EXTRAORDINARY UNSPECIFIABLE SERVICE (EUS) - Services, which are specialized and qualitative in nature requiring expertise, extensive training and proven reputation in the field of endeavor. Purchasing Agent must sign off. Resolution required.

LOWEST PRICE - The least possible amount, to be paid for goods or services that meet all requirements of a purchase request for a contracting agent.

LOWEST RESPONSIBLE BIDDER OR VENDOR - The bidder or vendor; (a) whose responses to a request for bids offer the lowest price and is responsive; and (b) who is

responsible.

ONLINE REQUISITION - Is an electronic document used to notify the Administration, Purchasing Department, and Finance Department of items or services that need to be contracted for and establishes the quantity, cost, potential vendor and the appropriation account[s] to be charged for the acquisition of the desired goods or services. It can be originated by the requester and then using the Borough's workflow or hierarchy rules, is processed electronically through the subsequent levels of approval, until it is finalized or approved and then converted to a purchase order.

PROCUREMENT CARD [aka Purchasing Card] – A physical card, similar to a credit card that represents an account governed by the rules codified by N.J.A.C.5:30-9A called “Disbursement without Vendor Certification”, subject to strict provision and limits on its use.

PROFESSIONAL SERVICES - Services rendered or performed by a person authorized by law to practice a recognized profession, whose practice is regulated by law, and the performance of which services requires knowledge of an advanced type in a field of learning acquired by a prolonged formal course of specialized instruction and study as distinguished from general academic instruction or apprenticeship and training. Professional services may also mean services rendered in the provision or performance of goods or services that are original and creative in character in a recognized field of artistic endeavor. These contracts can only be entered into by Resolution.

PROPRIETARY - Goods or services of a specialized nature, that may be made or marketed by a person or persons having the exclusive right to make or sell them, when the need for such goods or services has been certified in writing by the governing body of the contracting unit to be necessary for the conduct of its affairs.

PUBLIC WORKS - Building, altering, repairing, improving or demolishing any public structure or facility constructed or acquired by a contracting unit to house local government functions or provide water, waste disposal, power, transportation, and other public infrastructures.

PURCHASE ORDER - A document issued by the contracting agent authorizing a purchase transaction with a vendor to provide or perform goods or services to the contracting unit, which when fulfilled in accordance with the terms and conditions of a request of a contracting agent and other provisions and procedures that may be established by the contracting unit, will result in payment by the contracting unit

QUALIFIED PURCHASING AGENT [QPA] - The individual duly assigned the authority, responsibility, and accountability for the purchasing activity of the contracting unit, and who has such duties as are defined by an authority appropriate to the form and structure of the contracting unit, and PL1971 c198 (c.90A:1 1-1 et seq.)

QUOTATION - The response to a formal or informal request, made by a contracting

agent by a vendor, for provision or performance of goods or services. Two quotes are **MANDATORY** when the aggregate cost of the item/service is greater than or equal to 15% of the bid threshold. Quotations may be in writing or taken verbally if a record is kept by the contracting agent. Written justification for lack of quotes shall be filed with the QPA.

REQUISITION – Is an internal document used to notify the Administration, Purchasing Department, and Finance Department of items or services that need to be contracted for and establishes the quantity, cost, potential vendor and the appropriation account[s] to be charged for the acquisition of the desired goods or services. It can be originated by the requester and then using the Borough’s workflow or hierarchy rules, is processed through the subsequent levels, until it is finalized or approved and then converted to a purchase order. It may also contain the authorization to proceed with the purchase.

| | Bid Threshold | Quotation Threshold |
|--|----------------------|----------------------------|
| Base Amount | \$26,000 | \$3,900 |
| With Qualified Purchasing Agent | \$36,000 | \$5,400 |

RESPONSIBLE - Able to complete the contract in accordance with its requirements, including but not limited to requirements pertaining to experience, moral integrity, operating capacity, financial capacity, credit, and workforce, equipment, and facilities availability.

RESPONSIVE - Conforming in all materials respects to the terms and conditions, specifications, legal requirements, and other provisions of the request [BID, RFP, and RFQ].

SOLE SOURCE - One and only one source that possesses a unique product having singular characteristics or performance capability.

WINDOW CONTRACT - All contracts where the value is over the political contribution threshold (pay-to-play) of \$17,500 but less than the agency’s higher bid threshold.

WORK - Any task, program, undertaking, or activity, related to any development, redevelopment, construction or reconstruction performed or provided pursuant to a contract with a contracting unit.

THRESHOLDS EFFECTIVE July 1, 2010:

Please note that the political contribution threshold (pay-to-play) of \$17,500 remains in place.

PAY TO PLAY - Limit is \$17,500 in the aggregate and ALL awards in excess of \$17,500 require a resolution under Fair and Open. All procurement over \$17,500 and less than agency’s higher bid threshold (window contracts) are subject to those laws.

PURCHASING POLICY:

All goods or services contracted or purchased by any department, board, commission, agency or office of the Borough of Atlantic Highlands shall be in accordance with the procedures set forth herein. The Borough of Atlantic Highlands will not be bound by any purchase or contract made contrary to this policy, and any employee or representative of the Borough of Atlantic Highlands who violates this policy may face disciplinary action, as well as being held personal liable for any costs or obligations improperly incurred.

Part One - GENERAL PROCUREMENT POLICIES:

I. LEGAL AUTHORIZATION AND AUTHORITY OF PURCHASING AGENT

The Governing Body in accordance with 40A: 9-30, appoints the Qualified Purchasing Agent with the authority to purchase on behalf of the Municipality such goods and services as are required for the proper function of the Municipality.

The Qualified Purchasing Agent shall be responsible for the administration and oversight of the Procurement Card Program.

Pursuant to the LPCL, those expenditures which, one time or in the annual aggregate, are 15% of the then effective bid threshold, quotations shall be secured. The aggregate is applied Municipal wide. Pursuant to N.J.S.A. 40A:11-3a, a local unit is permitted to utilize an increased bid threshold if the local unit appoints a Qualified Purchasing Agent (QPA) and authorizes the QPA to negotiate and award contracts below the bid threshold. The Governing Body of the Borough of Atlantic Highlands adopted Resolution 112-2011 appointing Dwayne M. Harris as the QPA and increasing the bid threshold to the maximum as allowed by law.

Public funds from any account (grant, dedicated fund, regular O.E.) must be expended in accordance with the LPCL & Rules. The Chief Financial Officer certifies Availability of Funds prior to any obligations being incurred. **CONFIRMING ORDERS ARE A VIOLATION OF THIS REGULATION AND ARE NOT AUTHORIZED.**

II - PRICE OBJECTIVES:

A. Factors affecting the lowest ultimate cost:

1. Unless purchasing through State Contracts, or existing Municipal Contracts, already including shipping, a low price paid to a non-local vendor may be outweighed by transportation and packing charges
2. A low price paid for a large quantity may be outweighed by the cost of storage and handling, spoilage or obsolescence.
3. A low price obtained because of inferior materials could easily result in a higher cost due to unsatisfactory service and higher maintenance costs.

4. Poor planning or estimating may result in restocking charges.

B. Factors affecting net delivered cost:

1. Price quoted
2. F.O.B. point.
3. Discount; Prompt Payment Bonus.
4. Service offered by Vendor.
5. Delivery Date.

III - METHODS OF SECURING PRICES AND CONTRACTS:

A. Small Purchases, Petty Cash under \$25.00 - Other than Blanket Purchase Orders based on current quotes or contracts, departments should utilize a Petty Cash Fund. Check with the Finance Department to confirm availability.

B. Record of Quotations - Purchases that are single in nature or may in the annual aggregate, reach or exceed 15% of the bid threshold shall be supported by quotes. Where written quotations are solicited, they should be attached to the purchase request for the official record. If quotes are solicited by phone, a written summary on the purchase request is acceptable. Signature and date are required on Quotation Sheet.

Note: NJ Local Government statutes do not recognize "Sole Source" as an acceptable alternative to seeking quotes or bids.

C. State Contracts - The valid contract number, term of contract and authorized commodity and/ or service shall be confirmed prior to issuing a purchase order. State Rules require that the Governing Body authorize by Resolution State Contract purchases exceeding the bid threshold. This applies to single item or aggregate/open end annual purchases.

When a vendor submits a competitive price, which is lower than a State Contract vendor, the lower price may be accepted in a "quote" situation. However, where the expenditure (one time or aggregate) exceeds the bid threshold, bidding is required if the State Contract commodity/vendor is not utilized.

D. Blanket Purchase Orders - It is economical, labor and material-wise, to maintain Open Purchase Orders for routine, recurring items such as hardware supplies, etc. and other small dollar volume purchases.

To confirm the procedure:

1. Department/department submits a requisition reflecting an estimate of monthly and/or quarterly usage.
2. Contract validity (State Contract, Bid or Quotes) is confirmed.
3. Purchasing processes Purchase Order/Voucher.

4. Using department[s] orders and receives commodity on an as-need basis, matches signed delivery slips and invoices for each individual purchase against the encumbered Purchase Order.
5. Upon exhaustion of the amount encumbered or applicable period (i.e. month) the using department completes partial payment voucher for the actual amount owed.
6. Department will match invoices to voucher, certify receipts and submit to Finance for payment.

E. Procurement Card – Procurement cards may only be used when vendors require payment in advance for the delivery of certain goods or services that cannot be obtained from other sources at comparable price. The circumstances which qualify the use of a procurement card are as follows:

- An individual transaction shall not exceed 15% of the bid threshold
- Comparable pricing is not otherwise obtainable for goods and services to be available at the time and place required
- The Cost of purchases is comparable to costs available from other vendors who can provide the required goods and services in a timely manner
- Items are purchased in a transaction where vendor certification would not normally be readily available at the time of purchase
- The Vendor requires immediate payment AND The Purchasing Agent, or Borough Administrator has approved such use for a purchase from a particular vendor for a particular item
- Purchase is from a “big box” or other store that does not accept vouchers, purchase orders or checks
- Conference Registrations
- Subscriptions
- Hotel Reservations [room accommodations and reimbursable expenses like parking are acceptable uses. Room Service charges and incidentals are not acceptable uses.]
- Items purchased must be tangible supplies, parts or materials necessary for ongoing operation and function of the Municipality[i.e. office supplies, sanitary supplies]

F. Bids - The process of formal bidding requires the cooperation and interaction of various Municipal Officials. All bids have one basic "boiler plate" of statutorily required forms and statements and generally preferred instructions. The designated individual will prepare the bid package of statutory requirements, forms, proposal and your specifications. Specifications shall be broadly drafted to insure competition yet definitive enough to secure the needed goods or service.

Specification preparation should be coordinated between the purchaser and the Purchasing Agent. The specifications must be complete and in final form before requesting advertising for the bids. Quantities requested must be justifiable either through history or usage or specific to a pending project.

Please Note - Neither the Borough of Atlantic Highlands nor any of its departments, boards, commissions, agents or officers shall complete any credit application as a result of contract(s) resulting from bid awards.

G. Leases - Rules concerning duration of contracts, prohibitions and equipment changes are contained in the LPCL Rules. However, all leases or service agreements authorized by the LPCL shall be subject to competitive bidding if the cumulative amount to be expended during the duration of the multi-year lease exceeds the competitive bid threshold.

H. Co-operative purchasing- Please contact the purchasing department when utilizing Co-op pricing schedules.

IV. EMERGENCY PURCHASES AND CONTRACTS:

A. No contracts shall be entered into, or funds committed or expended, on an emergency basis pursuant N.J.S.A. 40A: 11-6 unless the circumstances meet all of the following requirements.

1. An actual or imminent emergency must exist requiring the immediate delivery of the article or the performance of the services;
2. The emergency condition must affect the public health, safety or welfare and require the immediate delivery of the article or performance of the service to alleviate such effect;
3. The emergency purchasing procedure may not be used unless the need for the articles or services could not have been reasonably foreseen or the need for such articles has arisen notwithstanding a good faith effort to plan the purchase of any articles or services required.
4. The contract shall be of such limited duration as to meet only the immediate needs of the emergency; and
5. Under no circumstances shall the emergency purchasing procedure be used to enter into a multi-year contract.

B. Procedure for emergency purchases and contracts:

1. **The affected department head must consult the Borough Administrator to proceed.** If satisfied that the emergency exists, the Administrator is authorized to award a contract for said work or labor, materials, supplies or services.
2. A written requisition for the performance of work or labor or the furnishing of materials, supplies or services must be filed with the Purchasing Agent describing the nature of the emergency, the time of its occurrence and the need for invoking an emergency, certified by the department director or designee **AND** the Municipal Administrator.
3. The Council will confirm the award of emergency contracts in excess of the bid threshold by resolution describing the imminent peril to life or property at the next meeting of the Governing Body by acting upon the submission from the Borough Administrator.

4. Payments for emergency purchases shall not exceed budgeted appropriations.

V. PROCUREMENT CARD PROGRAM

Purchasing Cards or Electronic Transactions will not change or eliminate any provision of the Local Public Contract Laws and will be administered in accordance with the rules enumerated in N.J.S.A. 40A:5-16(c) notwithstanding the provisions of N.J.S.A. 40A:5-16(a) or N.J.A.C. 5:309A.1 et seq.

Purchasing cards will only be distributed to essential Administrative Personnel, Department Heads or Supervisors and/or Assistant Supervisors on a per needed basis, which shall be determined by the Borough Administrator in consultation with the Purchasing Agent and/or Chief Financial Officer.

All authorized procurement card users will be required to complete training on the policies and procedures governing the use of the procurement card and shall complete and sign a contract of understanding that includes the financial and legal responsibility for misuse.

Procurement cards shall be issued in the name of a specific individual but under no circumstance shall be used to purchase personal property or services, including travel and dining expense.

Limits on cards will be established by amount, time and category of usage permissible. An authorized procurement card user is prohibited from using P-card to conduct personal business or for any circumstance that are not authorized in N.J.S.A. 40A:5-16(c) or N.J.A.C. 5:309A.1.

Procurement Cards may only be used in the manner as outlined above in **Part 1 section 3-E –Procurement Card**. It will be incumbent on the Purchasing Agent to reconcile all p-card transactions with receipts and invoices to document a transaction. It will be incumbent for the CFO to reconcile card activity along with payments made to the issuing financial institution.

Violations of policies governing the use of procurement cards shall result in appropriate remedial or disciplinary action without regard to the position held by the card user. Any violation of the policies governing use of the procurement card will result in immediate forfeiture of the ability to use such card and may result in other disciplinary action including but not limited to suspension, termination and criminal prosecution. The Borough will also retain all rights to any funds misappropriated and will seek restitution of said funds through garnishment of wages, forfeiture of benefits and legal actions in a court of law.

UNDER NO CIRCUMSTANCE SHALL ANY P-CARD OR ELECTRONIC TRANSACTION BE USED FOR PERSONAL USE!

VI. STATUTORY & OTHER REQUIREMENTS:

A. Required Affirmative Action Evidence - NO FIRM MAY BE ISSUED A CONTRACT UNLESS IT COMPLIES WITH THE AFFIRMATIVE ACTION REGULATIONS OF P.L. 1975, C. 127 AS AMENDED FROM TIME TO TIME, AND THE AMERICANS WITH DISABILITIES ACT.

1. **Procurement, Professional and Service Contracts** - All successful vendors must submit within seven (7) days of the notice of intent to award or the signing of the contract one of the following:

- a. A photocopy of their Federal Letter of Affirmative Action Plan Approval,
- or
- b. A Photocopy of their Certificate of Employee Information Report,
- or
- c. A completed Affirmative Action Employee Information Report
(AA302 - Available upon request)

2. **Construction Contracts** - All successful contractors must submit, within three (3) days of the signing of the contract, an Initial Project Manning Report (AA201- Available upon request) for any contract award that meets or exceeds the bidding threshold.

B. Prevailing Wage Act

1. Applies to all work \$14,187 and above (quotations, PO, Bid).

2. Pursuant to N.J.S.A. 34:11-56.25 et. seq., successful bidders on projects for public work shall adhere to all requirements of the New Jersey Prevailing Wage Act.

3. The contractor shall be required to submit a certified payroll record. Such certified payroll record must be submitted within ten (10) days of the payment of wages. The contractor is also responsible for obtaining and submitting all subcontractors' certified payrolls in the form set forth in N.J.A.C. 12:60-6.1. It will be the contractor's responsibility to obtain any additional copies of the certified payroll form to be submitted by contracting the Office of Administrative Law, CN 049, Trenton, New Jersey 08625 or the New Jersey Department of Labor, Department of Workplace Standards.

VII. VENDOR RELATIONS:

A. General

The Purchasing Agent promotes a program of fairness with all vendors. Salespeople are received courteously and as promptly as time permits. Appointments are recommended.

Purchasing Agent may arrange meetings between vendors and Municipal personnel when it appears to be to the advantage of the Municipality or when such a meeting is requested by an appropriate Municipal employee.

NO Municipal employee is required to make themselves available to accommodate the request of salespeople. However, if a meeting is to be denied, such will be acknowledged

promptly and the suggestion offered to see the Borough Administrator or the QPA.

Prices and other specific information received from vendors will be considered confidential. During price solicitation, quotations received from one supplier shall not be divulged to another.

Only the QPA or Borough Administrator may advise unsuccessful bidders as to the disposition of their quotations or bids.

Vendors who wish to be considered for future solicitations should be advised to so state in writing on the firm's formal letterhead.

B. Gifts and Gratuities

MUNICIPAL EMPLOYEES AND OFFICERS ARE EXPRESSLY PROHIBITED FROM SOLICITING OR ACCEPTING ANY REBATE, MONEY OR ENTERTAINMENT, GIFT OR GRATUITY FROM ANY PERSON, COMPANY, AND FIRM OR CORPORATION TO WHICH ANY PURCHASE ORDER OR CONTRACT, IS, OR MIGHT BE, AWARDED.

The Municipality will not tolerate circumstances that produce, or reasonably appear to produce, conflicts between personal interests of an employee and the interests of the Municipality. Accordingly, the Municipality will take appropriate action and may terminate, at no charge to the Municipality, any purchase order or contract if it is found that gifts or gratuities were offered to any employee.

The Municipality may also take disciplinary action, including dismissal, against an employee who solicits or accepts gifts or gratuities.

C. Vendor Responsibilities

Vendors are urged to read all detailed specifications and all bid documents, to comply with all instructions and required conditions. If a vendor does not fully understand a request, any inquiry must be directed in writing to the Purchasing Agent.

Vendors shall quote firm contract prices only, F.O.B. "The Borough of Atlantic Highlands", location of the using agency, or as directed.

Vendor shall submit bid proposals or requests for quotations on forms supplied by the Municipality or as otherwise expressly authorized in writing.

Vendor must assure that an original signature of an authorized representative of the firm is on any written proposal or bid.

Vendors are expected to promptly and accurately provide the proper quality of goods or services at a reasonable and competitive price.

Vendors are encouraged to provide information on new products, processes and materials

along with demonstrations and samples when requested.

Suggestions that will help reduce cost, promote efficiency or improve supplier services are welcome. Cost reduction ideas should reduce costs without a corresponding reduction in quality of goods and services.

D. Selection

Vendors are to be selected on a competitive basis. Bids, quotations, and proposals will be solicited in accordance with the law and may be done by newspaper advertising, direct in mail request to prospective suppliers, in person, by telephone or posting on the Borough website at www.ahnj.com. Purchase Orders or contracts will be awarded to the lowest responsible and responsive vendor. All proposals or quotations may be rejected if in the Municipality's best interest to do so.

E. Payment

Vendors may offer a cash discount if their invoices are paid promptly. To take advantage of this policy and to maintain good vendor relations it is important upon completion of the order, that all required documents are forwarded to Finance. Upon receipt of goods or services, the receiving department head should submit all invoices and vouchers to Accounts Payable without delay.

F. Unsatisfactory Vendor Performance

All using agencies shall notify the Purchasing Agent immediately of any failure by a vendor to comply with contract terms and conditions. Notifications shall be in writing on the UNSATISFACTORY REPORT FORM.

Part Two - REQUISITIONS

I. GENERAL

A. Each department, board, agency, or office may be able to locate vendors able to fulfill the Municipalities supply or service needs and obtain informal price quotations. Assistance will be provided by the Purchasing Agent upon request. The lowest, responsible vendor is to be submitted on the Purchase Requisition as well as the other quotations. No order is to be placed or commitment made except by an approved written Purchase Order/Voucher or by the formal emergency purchase procedure.

B. The requisition must follow an approval path and should be submitted well in advance (two weeks is desired) of the time the goods and services are needed to allow sufficient time for review. Where a requesting department has already solicited quotes, the quotations or forms must be signed and submitted as a record of it.

C. Based on the total and aggregate dollar amount of the purchase(s), written specifications and sealed bids, or informal solicited quotations may be required. State approved contract vendors or cooperative pricing system vendors pursuant to N.J.S.A.

40A:11-11 (5) may also be used to fulfill needs.

Before any formal commitment is made to a vendor, a Purchase Order/Voucher must be issued.

D. All Capital account requisitions require certification of funds by the Chief Financial Officer.

II. INSTRUCTIONS FOR REQUISITIONS:

All authorized employees, departments, boards, committees and commissions will utilize the Online Requisition system. Written requisitions and/or vouchers will be accepted from anyone not authorized to use the Online Requisition System, or if authorization is given by the Administrator Purchasing Agent or Finance Department.

A. If a Purchase Order/Voucher is to be sent to an address other than that where the remittance is to be made, please indicate by attaching the information in the appropriate section of the requisition.

B. Quantity - It is essential quantities be indicated to eliminate any confusion as to just how much of anything is required. When items are requested in units customary to the trade (i.e. cans, pails, drums, cartons, bottles, oz, lbs., etc.) the pack must also be shown in parenthesis following the description, i.e. (4 per carton)

C. Credits and discounts cannot be put on a request as a line item. You must net out the credit with one of your line items and show the math in the item description.

D. Description - When the correct nomenclature is not used in describing items required, or sufficient details such as stock number, model numbers, size, color, capacity, dimension, etc. are not given, Purchasing must contact the originator for further information. Careful preparation of the original request with as much detail as possible to describe items completely will avoid delays.

E. When registering for a class, conference, seminar or other meeting, not only should the individual be identified, but the name of the event, the date and location should also be included. If confirmation # has been assigned due to a phone registration that number should appear on the requisition.

F. If requisitioning on the basis of an invoice, some description must be made, generic terms are acceptable, of what the goods and services are and/or the program/event for which they were secured.

G. Missing quotations are another source of delay. If quotes have been secured, they must be forwarded to Purchasing. If not, the requisition may be held until the quotes have been received.

NORMAL PURCHASING PROCEDURES:

Each requisition shall outline the following:

1. The Commodity or service requested
2. The Appropriation Account number
3. The suggested supplier
4. The quantity needed and unit of measure
5. A full description of material or services
6. The approximate cost
7. Quotes if required [attached electronically]
8. State Contract Numbers if required
9. Any Special Instructions

The requisition is then submitted to the department head for approval and afterwards forwarded to the Borough Administrator, the Qualified Purchasing Agent and then CFO/Treasure for review and authorizations. [This workflow may be changed at the discretion of the authorizing parties involved] Anyone of these individual has authority to: 1) accept or reject a purchase requisition with cause, 2) require additional documentation, 3) utilize a different vendor or 4) find a product or service provider that qualifies as equal or better.

Once all approvals have been obtained, a Purchase Order [PO] will be generated and be returned to the originating department to be forwarded to the vendor. Note: under some circumstances, the PO may be sent out directly without being returned to the department.

Once the goods/and services have been provided, and or received, the requesting department MUST sign the "Approval For Payment" certifying all items specified in the PO were necessary for the department, acquired in conformity with the Ordinances of the Borough of Atlantic Highlands, all goods and services have been received and/or performed properly or in good condition, and each price charged is correct.

After the Approval for Payment has been signed, the original PO along with an invoice [and any other documentation necessary to effectuate payment] shall be delivered to the Finance office for payment.

Part Three - THE PURCHASE ORDER/ VOUCHER

I. PROCESS –

Purchasing generates the numbered PO/Voucher after all approvals are secured [Dept. Head, Administrator, QPA, and CFO]. Unless otherwise requested, as in the case of a "pick up", Purchasing or the dept head mails the PO and any required enclosures to the vendor.

On receipt of the Purchase Order, the vendor performs accordingly in providing the goods or services directly to the requesting department. The vendor returns the signed voucher and original, itemized invoice(s) to the requesting department.

The Department Head authorizes payment of the voucher by signing the receiving certification only after reviewing the goods and services received for contract compliance and quality, and forwarding the required documents to Accounts Payable in Finance.

II. REQUESTS FOR DUPLICATE VOUCHERS

All requests for duplicate vouchers must be sent to the Purchasing Department.

III. PARTIAL PAYMENT

Partials are a separate procedure, which must be coordinated with Finance.

Any questions concerning payment should be referred to the Finance Office for proper determination and resolution.

IV. ASSET INVENTORY NUMBER

If the purchase price of any single acquisition exceeds \$5,000, asset # is issued and a sticker must be affixed to the item.

Part Four - ADDITIONAL PURCHASING FUNCTIONS:

I. SALES TAX EXEMPTION CERTIFICATES

By virtue of being a government unit, the Municipality is exempt from sales tax on all purchases (with the exception of Natural Gas). However, some vendors want the Municipality to provide a sales tax exemption certificate (NJ Form ST-4). A copy is available at Borough Hall. The Borough's Tax identification number is printed on the Purchase Order.

II. SURPLUS/OBSOLETE MUNICIPAL PERSONAL PROPERTY

A. All such property is presumed to have some sale value or to be determined to have only scrap value. As such, N.J.S.A. 40A:11-36 requires that, upon Resolution of the Governing Body authorizing same, the Municipality must attempt to sell most surplus or unneeded equipment by public sale.

Items purchased by grant funds must be separately identified.

No employee of the Borough may legally sell such equipment, except as provided by this statute.

If the estimated fair value of the property to be sold exceeds \$3,150.00 in any one sale, it

shall be sold at a public sale to the highest bidder.

Notice of the date, time and place of the public sale together with a description of the items to be sold and the conditions of sale must be published in a newspaper.

A private sale can be authorized by Governing Body Resolution only in the following cases:

1. Sale to any political sub-department.

All proceeds from the sale of unneeded equipment are submitted to Finance for appropriate accounting.

Pay to Play Issues

The Borough of Atlantic Highlands has opted to favor "Fair and Open". As such all procurements will be made in accordance with N.J.S.A. 19:44A-20.4 et seq and N.J.S.A. 19:44A-20.26 unless determined impractical by the Governing Body. Generally speaking, it is the preference of the Governing Body to award contracts in excess of \$17,500, through a "Fair and Open" process. Please note that while an item or items may be exempt from public bidding, they may not necessarily be exempt from pay to play compliance. For further details, please contact the Purchasing Agent.

Some contracts may be awarded in a "Non Fair and Open" manner by authorization of the Governing Body by resolution

This manual is a living document and will be revised from time to time. Please keep your manual current with any and all changes approved by the Governing Body.