

A BILL TO CREATE A RESOLUTION ENTITLED:

“A RESOLUTION OF THE CITY OF CENTRALIA MISSOURI, ADOPTING A FORMAL WRITTEN POLICY CONCERNING PURCHASING AND PAYMENTS.”

WHEREAS, Board of Aldermen of the City of Centralia, Missouri has by ordinance extended certain authority to the City Administrator to contract for, order or purchase and make payment for goods and services on behalf of the City of Centralia, Missouri; and

WHEREAS, the City Administrator, with the informal consent of the Board of Aldermen, has delegated to various employees of the City of Centralia limited authority to order or purchase goods and services on behalf of the City of Centralia, Missouri; and

WHEREAS, from time to time, the Board of Aldermen has agreed to broaden the authority of the City Administrator to contract for, order or purchase and make payments for goods and services on behalf of the City of Centralia, Missouri in certain specific circumstance, but has not always set forth such authority in writing, and

WHEREAS, the Board of Aldermen and the City Administrator now wish to gather together such historic practices and standardize the procedures whereby the City Administrator and City employees contract for , or purchase and make payment for goods and services on behalf of the City of Centralia, Missouri.

NOW, THEREFORE, BE IT RESOLVED that the Board of Aldermen of the City of Centralia, Missouri hereby adopts as City Policy the following procedures relating to the contracting, ordering, or purchasing of goods and services on behalf of the City of Centralia, Missouri and the manner for paying for such goods and services:

CENTRALIA POLICY

NO. 19

INTERNAL CITY POLICY  
FOR PURCHASING AND PAYMENTS

**APPLICATION:**

This policy applies to all Employees, Officials, Departments, Committees, Boards, and Commissions of the City of Centralia, Missouri, except for the Municipal Library and Centralia Park Board.

**GENERAL POLICY:**

City Code, Section 2-48 (C):

The City Administrator shall have the duty and power of purchasing and ordering all items for and in behalf of the City; provided that the City Administrator shall not have the duty and power to purchase for the Park Board of Directors or the Library Board of Trustees, except where such purchases are to be paid out of funds other than those from taxes levied especially for the City parks or for the Municipal Library District. No employee or agent of the City shall purchase or order any item, without either the written approval of the City Administrator or according to a written purchasing policy approved by the City Administrator. The City Administrator, however, shall not have the authority to order or to purchase any item or group of items costing more than one thousand two hundred fifty dollars (\$1,250.00) without either the advance approval of a majority of the Board of Aldermen or according to a written purchasing policy approved by the Board of Aldermen. No item shall be ordered or purchased unless there is on hand at the time of ordering or purchasing an unexpended balance to the credit of the City in the fund in the treasury upon which the warrant will be drawn to pay for the order or purchase and to pay for other unpaid previous orders or purchases and all debts of the City as are not bonded, except with the advance approval of the entire Board of Aldermen.

All purchasing authority is designated through approval of either a Purchase Order or Check Request Voucher, or both. Except for payroll checks, no payment shall be made for any goods or services delivered without an invoice or receipt and an authorizing Purchase Order or Check Request Voucher.

No prepayment or advance on expenses (including travel expenses) shall be made without approval of the Board of Aldermen.

**Board and statutory exceptions:**

The Board of Aldermen by past action has exempted the following purchases from the need for a Purchase Order. However, payments must still be made according to invoice and Check Request Voucher. Such purchases may be over \$1,250, but in each such instance are subject to post hoc review and approval by the Board:

- (1) Payments due under state or federal law or statute, such as court fees, or by court order.
- (2) Recurring bills pursuant to an ongoing business relationship approved by the Board, such as utility bills.
- (3) Full or partial payments for professional services pursuant to a contract approved by the Board of Aldermen.
- (4) Full or partial payments for construction or other contractual services pursuant to a contract approved by the Board of Aldermen.
- (5) Renewal premiums for insurance coverages
- (6) Small medical expenses not to be covered by Worker's Compensation Insurance
- (7) Purchases made under an authorized "open purchase order"

Payments from one City Fund to another (such as equipment use charges) and payments which are for "pass through" purposes (such as property taxes received from Boone County and forwarded to the Library District) do not require any approval by the Board of Aldermen.

When, because of a breakdown, accident, or other unforeseen circumstance, it is necessary to quickly obtain materials or equipment valued over \$1,250.00 to continue service to citizens, preapproval by the Board is hereby waived. The Purchase Order or Check Request Voucher must still be approved by the department head and City Administrator and will be presented to the Board for post hoc review.

**City Administrator delegation:**

The City Administrator has delegated some authority to make purchases to other City employees in the following instances:

1. Ordinary purchases under \$250 may be authorized at a department head level without the preapproval of the City Administrator, if within budgeted appropriation levels. A department head may, in turn, delegate authorization for line employees to purchase up to a set amount without prior department head approval. A purchase limit of \$100 is recommended in such circumstances. All such purchases shall still require a post purchase review of the executed purchase order by the department head and City Administrator. In all cases, the employee and department head should use common sense and prudence.
2. City personnel are hereby authorized to make small-dollar purchases of nonstandard supplies on an as-needed basis using personal funds, with reimbursement from the petty cash funds at the main City office. Such purchases should generally not exceed \$50 without prior notification to the employee's Department Head. Reimbursement shall be made only upon presentation of a paid receipt. If the receipts total over \$50 or over the available cash balance of the petty cash fund, the Accounts Payable Clerk may require the employee to wait for a City check to be prepared and signed. From time-to-time the Accounts Payable Clerk will replenish the petty cash fund by preparing a Check Request Voucher for the sum of the accumulated petty cash vouchers. The expenses on the Check Request Voucher shall be detailed and posted to the

General Ledger and to the appropriate funds and activities.

3. General authorization for travel, lodging, and meals expenses must be given in advance by a department head or by the City Administrator. Such authorization shall be in writing on forms prepared by the City Clerk and obtained from the Accounts Payable Clerk. Completed forms shall be filed with the Accounts Payable Clerk, who will reconcile reimbursement requests with the scope of the authorization. Requests for reimbursement shall be made by completion of a Travel and Expense Report, also available from the Accounts Payable Clerk.. Reimbursements for such expenses are limited to amounts set by current Board Policy Resolutions, and shall be through petty cash or City check, depending on the total purchase amount.

4. Employees shall not issue multiple Purchase Orders to the same vender for smaller quantities of the same item or similar items in an attempt to negate purchasing limits or other policy restrictions. This shall be considered a violation of the purchasing policy and cause for discipline.

5. All purchases shall comply with all policies and statutes concerning the selection of vendors through bidding.

**Procedure for use of Purchase Orders and Check Request Vouchers:**

Blank, pre-numbered Purchase Order forms may be obtained from the Accounts Payable Clerk, who shall maintain a record, noting the department or individual receiving the forms.

Department heads should request enough blank Purchase Order forms to cover the department's expected needs for one to two months. Such blank Purchase Orders should be stored in a secure location, maintained by the department head, and generally dispensed one at a time. In absence of the department head, line employees may obtain a blank Purchase Order from the Accounts Payable Clerk during regular business hours. For departments which operate outside of regular business hours, when the department head is absent, he or she may arrange for a very limited number of blank Purchase Order forms to be kept in a controlled location and dispensed to department employees in a manner designated by the department head.

Purchase Orders must be executed prior to or at the time of purchase and must show the name of the vendor, a detailed description of the good or service being purchase, and (when possible) the costs and account to which the cost should be posted. The white (top) copy shall be given to the vendor at the time of the purchase. When the amount of an expense is not initially ascertainable (such as for repairs to vehicles and equipment or for materials delivered in bulk), the Purchase Order shall specify as clearly as possible the details of the expenditure. All Purchase Orders shall include the General Ledger account number (or numbers) to which the purchase will be charged.

Most purchases are made from vendors where accounts already are established. Procurement from any new vendor may require an employee to furnish a Missouri Certificate of Tax Exemption. These may be obtained from the City Clerk. Employees who use a Certificate of Tax Exemption for any purchase other than those on behalf of the City, shall be subject to City discipline. If a purchase involves establishing a new account with a vendor, the City Clerk must be consulted and participate in setting up the account.

Department heads shall keep the bottom copies of Purchase Orders or photocopies until materials ordered are received. The Purchase Order shall then be transmitted to the Accounts Payable Clerk, along with any log tickets, invoices or other similar documentation. Upon receipt of an invoice, it is the duty of the department heads to reconcile the quantities and prices on the invoice to those in the related Purchase Order(s):

When a department head receives a partial order, he or she shall forward the regular middle copy of the purchase order to the Accounts Payable Clerk with a note indicating which items have been received and which are still on back-order. The department head (or designated person) shall keep a copy of the original purchase order that shows what has been received and what is back-ordered. As back-ordered items are received, a copy of the original purchase order along with the invoice shall be forwarded to the Accounts Payable Clerk. To aid the Accounts Payable

Clerk, the department head (or designated person) shall also note if any partial payment has been previously invoiced..

Invoices usually should be sent directly to the Accounts Payable Clerk. If an invoice is delivered to a department head, it shall be forwarded to the Accounts Payable Clerk at once, along with any supporting documentation.

It is the City's policy to pay all invoices on time and to take all vendor discounts. Therefore, the payment documents shall be submitted to the Accounts Payable Clerk immediately.

If necessary to correct or change a Purchase Order after a copy has been given to the vender, the issuing employee or department head shall inform the Accounts Payable Clerk of the change and its reason by annotation on the Purchase Order or by a detailed memorandum.

"Open Purchase Orders" or purchases made for "term and supply" are used infrequently by the City of Centralia and only with written authorization of the City Administrator. However, in these and other instances where no Purchase Order is required under the general policy guidelines, the employee receiving the items or services shall keep detailed records of the purchase to insure proper payment by the Accounts Payable Clerk. The department head or the Accounts Payable Clerk shall complete a pre-numbered Check Request Voucher to accompany the bill or invoice and other documentation. The City Clerk shall maintain a record of the department or individual receiving the blank Check Request Vouchers.

When City checks are issued pursuant to this purchasing policy, the Accounts Payable Clerk shall affix the check stub to the related Check Request Voucher(s) and Purchase Order(s). The collected documents shall be stored until after completion of an audit and thereafter as required by State regulations on records retention.

When Purchase Orders or Check Request Vouchers are spoiled or are completed for purchase which are subsequently canceled, the Purchase Order or Check Request Voucher shall be marked as "Void" and given to the Accounts Payable Clerk, who shall retain them until completion of the next audit and thereafter as required by State regulations on records retention.

Employees shall immediately report the destruction or loss of any Purchase Order or Check Request Voucher to the Accounts Payable Clerk in writing, with details (and numbers where possible).

Purchasing shall comply with any other policy or state law concerning vendors selected through bidding.

PASSED AND APPROVED this 19th day of May, 2008.



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Mayor

ATTEST:



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City Clerk