CITY OF GUSTAVUS, ALASKA
Resolution CY14-35

A RESOLUTION OF THE GUSTAVUS CITY COUNCIL ESTABLISHING POLICY AND PROCEDURE FOR PURCHASE ORDERS

WHEREAS, the Gustavus City Council adopted FY14-15, An Ordinance for the City of Gustavus Adopting a Major Revision for Title 4.17, Contracts and Purchasing on April 14, 2014, and

WHEREAS, Title 4.17 requires further guidance on purchase orders for the City administration and the City departments and committees, and

WHEREAS, fiscal control, consistency, transparency, accuracy and economy are essential to the sustainability and reputation of the City of Gustavus, and

WHEREAS, these processes were found to be less than adequate in the audit conducted by the City for fiscal year 2013, and

WHEREAS, it is the desire of the Gustavus City Council that prior practices be clarified and corrected, ensuring that the City maintains a sound financial footing, and now therefore be it

RESOLVED, the Gustavus City Council adopts this current Policy and Procedure for Purchase Orders.

PASSED and **APPROVED** by the Gustavus City Council this 8th day of December , 2014.

Mike Taylor, Mayor

Attest: Noël Farevaag, City Treasurer

Attest: Lori Ewing, City Clerk

Attachment: Policy and Procedure on Purchase Orders

CITY OF GUSTAVUS

Policies and Procedures

Title: City of Gustavus Policy for Purchase Requisitions and Purchase Orders

POLICY:

Purchase Orders are used when ordering products or services from an outside vendor, supplier or contractor. Purchase Orders represent a commitment of the City to buy items listed. A purchase order is a legally binding contract and must be treated accordingly.

It is the policy of the City of Gustavus to facilitate the purchase of necessary operational equipment, supplies, and contracted work for City departments and administration of City owned property. Expenses, including but not limited to, operating equipment, supplies and contracted work must have a City of Gustavus Purchase Order issued from the City Treasurer.

Why purchase orders are necessary:

- Allows the City of Gustavus to use our tax-exempt status with vendors.
- Supports proper internal controls required by auditors.
- Suffices as a contract detailing requirements for small projects and purchases
- Easier to track available funds in department budget.
- Insures prompt receipt of items and payment of invoices.
- Supports more efficient payments, expenditure tracking, and financial recordkeeping.

When purchase orders are not necessary:

- Per diem and reimbursable expenses for Business Travel
    - See Policy and Procedure for Small Procurement under $10,000
- Purchases from local retailers (within Gustavus) not to exceed $100.00 Receipt must be submitted to the City Treasurer within 3 days of purchase. Immediate submission is best.

The City Treasurer is the custodian of all municipal funds and is responsible for their management. The City Treasurer oversees, controls, and approves all City department accounting systems and purchasing activities.

Purchase Requisitions must be signed by the requestor for the purchase, and the issued Purchase order must be signed by the City Treasurer and the requestor. When the purchase order is requested by the Council or Mayor, the Mayor's signature must be on the issued purchase order. The City of Gustavus recognizes that the presence of the Mayor's and the Treasurer's signature on an issued purchase order obligates the City to the pay the expense whether or not a requestor's signature is affixed. If the purchase order is for locally contracted work, the City Treasurer will generally have the local contractors sign the issued purchase order as a means of affirming their acceptance of the contract. At the discretion of the City Treasurer, outside vendors for large purchases may be asked to sign the PO as an affirmation of their acceptance of the order and its terms.

PROCEDURE:

Purchase orders may be requested by the Mayor, department heads, department administrators or special project managers authorized by the Mayor, or committee chairs overseeing budgeted City functions or services, using the Purchase Requisition form. Purchase orders will be issued by the City Treasurer when a purchase requisition is received and approved funding is documented. The City Treasurer will verify funds available from a department budget before issuing a purchase order. If the appropriate budget line for the purchase lacks sufficient funds, the Treasurer will consult the Mayor, and a Non-Code Ordinance may drafted for transfer of funds to ensure the payment is sufficiently covered.

At the discretion of the City Treasurer the City may issue a blanket purchase order to a vender with whom the City does regular business, covering small purchases, as generally described on the blanket purchase order, with set "not-to-exceed" amounts for any individual item and for the aggregate total, and with a closing date. A blanket purchase order may also provide for a series of individual purchases of a good or service at a set rate for a set period.

All purchase orders over $2,000.00 require the Mayor's signature (or in the Mayor's absence, the Mayor's designee's signature) regardless of funding source.

Quotes and estimates are not substitutes for invoices. The vendor should be informed that an invoice referencing the PO number is required for payment. Internet orders need an invoice for payment that includes vendor name, address and total due (including any additional charges, i.e. shipping and handling).

When purchased items are received, or contracted work is completed, the requestor will advise the Treasurer and submit all appropriate documents, such as invoices, receipts and packing slips. Received invoices will be matched to purchase orders prior to payment of the invoice. If the invoice exceeds the purchase order amount, the Treasurer will consult the requestor to ensure the item and/or work was invoiced correctly and is suitable to pay.

Purchase orders will not be carried over between fiscal years except for ongoing construction projects that will span the fiscal year transition. Before the end of the fiscal year, the Treasurer will notify requestors of outstanding purchase orders. All open purchase orders will be void on July 1st. If necessary, the requestor may resubmit a purchase request to the Treasurer.

In the absence of the City Treasurer, the Mayor may assume, delegate, or postpone the Treasurer's purchasing functions for the duration of the absence.

Nicke Taylor 12/8/14

Signed Mayor of the City of Gustavus Date