



TOWN OF FALMOUTH, MAINE
PURCHASING GUIDELINES AND POLICY

SECTION I - GENERAL

1. **INTRODUCTION.** This directive establishes the guidelines and forms for the purchase of supplies and services for the Town of Falmouth.
2. **AUTHORITY FOR PURCHASING.** Pursuant to Article III, Section 302.6 of the Town Charter, the authority for purchasing resides with the Town Manager who acts as Purchasing AGENT (not Director) for all departments of the Town, except the School Department.
3. **RESPONSIBILITIES OF DEPARTMENT HEADS.** Department heads are responsible for the following:
 - a. To practice economy in the use of materials;
 - b. To maintain equipment in serviceable condition;
 - c. To plan future purchases to provide ample time to secure favorable prices;
 - d. To ensure compliance by employees with purchasing regulations and procedures;
 - e. To assure that a sufficient unencumbered balance in the Department's appropriation is available before a purchase is made;
 - f. To advise the Town Manager of supplies and services required for operations;
 - g. To be empowered to reject any unacceptable supply or commodity on the ground of high cost or low quality.

SECTION II - PURCHASES OF COMMODITIES/SERVICES - GENERAL

1. **AUTHORITY.** Department heads are authorized to make purchases from vendors when the total cost is \$5000.00 or less if budgeted funds are available. Department heads are expected to investigate the local market and select items best suited for their needs by both quality and price. For purchases under \$5,000 an invoice, signed by the Department Head, shall be delivered to the Finance Department with the account to be charged, the vendor number and the approved date.
2. **PURCHASE ORDER.** Purchase orders are necessary for all leases and expenditures \$5,000.00 or over. A requisition will be entered for all purchases equal to or over \$5000.00 and will be approved by the Department Head, the Purchasing Director, and finally the Town Manager or

Finance Director in his absence. Requisitions will be converted to purchase orders, and a copy will be sent to the vendor or the purchase order number will be relayed to the vendor for placement on the invoice.

- a. Items such as solid waste tipping fees, insurance costs, legal fees, utilities and other similar operational expenses approved by Council as part of the annual budget process shall be exempt from the requirements of a Purchase Order.
3. The Town Manager shall insure that the requirements of this policy are not circumvented by multiple or separate purchases of less than \$5,000.00 to avoid the purchasing policy process and less than \$20,000.00 to avoid the formal bid process.
 4. **INVOICE NECESSARY.** The person making the purchase will ensure that the invoice is to the Town of Falmouth and should also ensure that the vendor provides a legible and complete description of the item purchased on the invoice. A copy of the supplier's invoice signed by the person making the purchase will be delivered to the Department Head, who shall verify the receipt of the item and ensure that the invoice reflects the department and activity for which the purchase was made by signing the invoice. The invoice should also have the corresponding purchase order number clearly printed on the invoice so that the Finance Department can expeditiously pay the invoice. Invoices shall be delivered to the Finance Department with purchase order attached as soon as possible. All invoices should be signed with the signature date by the Department Head.

SECTION III - PURCHASE OF COMMODITIES/SERVICES EQUAL TO OR OVER \$20,000

AUTHORITY. All purchases or leases equal to or greater than of \$20,000.00 shall require a formal competitive bid process which is subject to review and approval by the Purchasing Agent and the Town Manager or Finance Director in his absence.

1. **PURCHASE ORDER.** Purchase orders are necessary for all purchases or leases equal to or in excess of \$20,000. A requisition will be entered for all purchases equal to or over \$20,000.00 and will be approved by the Department Head, the Purchasing Director, and finally the Town Manager or Finance Director in his absence. Requisitions will be converted to purchase orders and a copy will be sent to the vendor or the purchase order number will be relayed to the vendor for placement on the invoice.
 - a. Items such as solid waste tipping fees, insurance costs, legal fees, utilities and other similar operational expenses approved by Council as part of the annual budget process shall be exempt from the requirements of a Purchase Order.
2. **INVOICE NECESSARY.** The person making the purchase will ensure that the invoice is to the Town of Falmouth and should also ensure that the vendor provides a legible and complete description of the item purchased on the invoice. A copy of the supplier's invoice signed by the

person making the purchase will be delivered to the department head who shall verify the receipt of the item and ensure that the invoice reflects the department and activity for which the purchase was made by signing the invoice. The invoice should also have the corresponding purchase order number clearly printed on the invoice so that the Finance Department can expeditiously pay the invoice. Invoices shall be delivered to the Finance Department with purchase order attached as soon as possible. All invoices should be signed with the signature date by the Department Head.

SECTION V – BLANKET PURCHASE ORDERS

Department Heads may submit blanket purchase orders for recurring purchases, such as fuel, or for large projects that require multiple invoices.

SECTION VI - VENDOR SELECTION

1. Department heads shall exercise prudence and care to assure that the appropriate vendor selection method is utilized.
2. **VENDOR SELECTION METHODS:**
 - A. For purchases under \$5,000, Department heads are expected to investigate the local market and select the items best suited for their needs by both quality and price. No formal or informal bidding process is required. For purchases equal to or exceeding \$2,000 and under \$5,000 the informal bid form at the end of this policy should be completed to document due diligence. No preapproval is needed for this process nor is direct contact with the vendor required. The documentation that prices were investigated will demonstrate the review of local market and shall be submitted on a monthly basis to the Budget and Purchasing Director.
 - B. Informal bidding shall require quotations to be obtained from a vendor either in writing or by oral communication so long as oral communication is documented (see attached form). Under this method the request for quotations are not publicly advertised nor is there a formal bid opening. All informal purchases shall, whenever possible, be based on at least three competitive quotations and be awarded in accordance with the standards set forth in this manual. Generally, an informal bidding process should be used whenever a purchase or contract exceeds \$5,000 but is less than \$20,000.
 - C. Formal bidding. Purchases and contracts of \$20,000 or more shall normally require the use of the following bid process:
 - a. Notice of invitation to bid should be published in the newspaper or mailed to an approved bidder's list. Notification should be made whenever possible at least five days preceding the last day acceptable for receipt of bids. In addition to the

invitation to bid, each prospective bidder will be furnished a specification sheet and a bid proposal form.

- b. When deemed necessary by the Town Manager, bid deposits will be required. Unsuccessful bidders shall be entitled to return of the deposit, while the successful bidder shall forfeit the bid deposit upon failure on their part to enter into a contract within ten days after award.
- c. When deemed necessary by the Town Manager, bid bonds will be required.
- d. Before entering into a contract, the Town Manager shall have the authority to require performance bonds in such amounts as he shall find necessary to protect the best interest of the Town.
- e. Bid documents should specify that the Town has the right to reject any and all bids for any reason.
- f. The Town Manager and/or Department Head shall establish a Review Team consisting of persons with specialized knowledge or understanding of the proposed project. An essential element to be included in the RFP is a presentation of the scoring system that the Review Team will utilize to select the successful consultant, contractor, supplier, or other vendor. This process covered in 2.C.f to 2.C.i. may be waived or amended by the Town Manager, Finance Director, or Purchasing Director for reasons including, but not limited to, reasons such as specified in Section VII-Waiver Section of this document. Such waiver or amendment will occur before the RFP process is initiated.
- g. The responders to the RFP must submit two separate sealed envelopes to the Town. One sealed envelope shall be clearly marked QUALIFICATIONS. The information contained in this envelope shall not contain any discussion of price or cost. The information contained in this envelope shall present the qualifications of the firm, qualifications of individuals within the firm, references, understanding of the project, permitting issues, unusual design issues, and similar material that will allow the Review Team to rate the proposal, in accordance to the previously defined scoring criteria. The second sealed envelope shall be clearly marked COST ESTIMATE and shall contain a detailed breakdown of the Scope of Services including estimated costs for services.
- h. Upon receipt of the proposals, the Review Team will open the QUALIFICATIONS documentation of each responder, but shall not open any COST ESTIMATE envelope. The Review Team shall score the QUALIFICATIONS presentation of each responder and the Review Team shall rank the proposals from most qualified to least qualified. At this point, the Review Team may schedule interviews with the most qualified firms to further refine the ranking. Only after the ranking of most qualified to least qualified is complete will the Review Team open the sealed COST ESTIMATE envelopes of the most qualified responders. The Review Team shall have the latitude to determine the number of COST ESTIMATE proposals opened. No COST ESTIMATE envelope shall be opened from any responder not meeting minimum qualifications.

- i. A file shall be maintained that contains all QUALIFICATIONS envelopes from all RFP responders, the Review Team Report, and the Contract for Services. The file shall be available for public inspection upon request.

If State or Federal regulations or agreements require deviation from the above Qualification Based Selection methodology, then the State or Federal methods shall be used to secure professional services.

3. SPECIFICATIONS. The responsibility for preparing specifications rests with the department head, subject to approval by the Town Manager.
4. BID SUMMARY FORM. Upon return of the bid proposals (formal or informal) from the vendors, the department heads will summarize the prices offered on a quotation summary form and recommend to the Town Manager the vendor to be chosen. The Town Manager will determine the lowest and best bid.
5. THE FOLLOWING FACTORS SHOULD BE CONSIDERED IN AWARDING EACH BID:
 - a. The stated bid price.
 - b. The ability, capacity and skills of the bidder to perform the contract or provide the purchase within the time specified without delay or interference.
 - c. The character, integrity, judgment, experience and efficiency of the bidder.
 - d. The quality of performance of previous contracts or purchases.
 - e. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the purchase.
 - f. Quality, availability and adaptability of the contract or purchase.
 - g. The ability of the bidder to provide future maintenance service on the items to be purchased.
 - h. Responsiveness to the scope of conditions attached to the bid.
 - i. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;
 - i. The financial capability of the bidder to perform the contract or provide the service.

If all bids received are for the same total amount with quality and service being equal, the contract shall be awarded to a Falmouth business establishment.

6. CONTRACT REQUIRED. Any awarded bid for consultants or services must be accompanied by a Town contract.

SECTION VII – WAIVER SECTION

SPECIFICATIONS. A waiver from the above bid process may be granted, by the Town Manager, for any of the following reasons:

- a. Single supplier of the product.
- b. The Town has a current contract with the vendor.

- c. The Town has a current business relationship with the vendor and it is beneficial to have continuous service.
- d. The Town has purchased a like item or service from this vendor within the previous nine months and can receive a similar price.
- e. When factual data exists that the price under consideration is the best available price and that due to circumstances beyond the control of the administration, there is insufficient time to execute the normal bid process or when the matter under consideration is unique or non-competitive. (ex. plow blade is broken and need a new one right away or ambulance life support system needs to be replaced).
- f. Price has been determined by a current and still valid bid process conducted by a recognized operating division of the state or county governments or the Board of Education or a joint group composed of municipalities or quasimunicipal entities.
- g. When projects are entirely funded with private funds.

AUTHORITY. The authorization for the waiver will remain the same as the purchase order process. If the amount of the purchase is equal to or over \$5,000, the waiver needs to be granted by the Town Manager or the Finance Director in his absence.

SECTION VIII - RECEIPT OF SUPPLIES, SERVICES, OR PRODUCTS

1. FULL RECEIPT. The department head or department designee will notify the Finance Department upon receiving by stamping the purchase order with the receiving stamp and forwarding the stamped copy of the purchase order form together with the invoice and other documents accompanying shipment to the Finance Department.
2. PARTIAL RECEIPT. If partial shipment of an order is received, the department head or department designee should note what remains to be received. The invoice or packing slip should also be noted that the order is incomplete and the Finance Department should be notified.
3. INSPECTION AND ACCEPTANCE. The department head or department designee will be responsible for the inspection of supplies or services received. He/she will determine that the supplies or services are as specified and satisfactory before accepting same.
4. PAYMENT OF TRANSPORTATION CHARGES. All orders to suppliers will normally specify that transportation charges will be prepaid by the supplier to point of delivery.

SECTION IX - MISCELLANEOUS.

1. PETTY CASH. Cash purchases may be made in small amounts through the petty cash fund. The amount of a cash purchase should not exceed \$20. Persons making cash purchases will be

reimbursed upon presentation of a receipt to the person authorized to disburse petty cash. Petty cash is not to be taken from any clerk's cash drawer.

2. **SURPLUS AND OBSOLETE EQUIPMENT AND MATERIALS.** Equipment or material that is obsolete or surplus is to be reported to the Town Manager for disposition instructions.
3. **ACCEPTING EQUIPMENT ON TRIAL.** No equipment or accessory may be put to use by any department for the purpose of testing its suitability or fitness in advance of purchase, without the approval of the Town Manager, Finance Director, or Purchasing Director. In all cases, proof of insurance must be furnished by the supplier or contractor.
4. **JOINT PURCHASING.** The Town Manager shall have the authority to join with other units of government in cooperative purchasing when the best interests of the Town would be secured.

SECTION X – CREDIT CARD POLICY

The Town will have two credit cards. There will be one for Community Programs and one for the other Departments.

COMMUNITY PROGRAMS

1. **AUTHORITY.** Authorization for use of the credit card is under the discretion of the Director of Community Programs.
2. **SPECIFICATONS.** The card will have to be signed out. A sign-out sheet will include the date, time signed out, time signed in, employee name, employee signature, vendor, and reason for purchase.
3. **USAGE.** The card will be used for on line purchases and for expenditures where timing prohibits them from going through the purchase order process. These purchases will need the approval of the Director of Community Programs, who will initial the sign-out sheet. A receipt must be obtained for every purchase. Any item or service purchased should follow the purchase order process.
4. **ACCOUNTABILITY.** The receipts need to be attached to the monthly statement and forwarded to the Finance Department for review and payment. There must be a receipt for every item purchased. Statement amounts must be divided into the appropriate general ledger account numbers for proper posting.
5. **ABUSE.** Abuse can be separated into two categories. One category would be using the credit card when the purchase could have gone through the purchase order process and the other category is using a Town credit card for a personal purchase. Using the credit card instead of

the purchase order process could result in elimination of the card. Personal use of the Town credit card will result in repayment from the employee for the purchase and could result in discipline including termination of employment. In both cases, all disciplinary actions are at the discretion of the Town Manager.

TOWN HALL

1. **AUTHORITY.** Authorization for use of the credit card is under the discretion of the Town Manager, Finance Director, or Purchasing Director.
2. **SPECIFICATONS.** The card will have to be signed out from the Purchasing Director. A sign-out sheet will include the date, time signed out, time signed in, employee name, employee signature, vendor, reason for purchase, and general ledger account.
3. **USAGE.** The card will be used for on line purchases and for expenditures where timing prohibits them from going through the purchase order process. These purchases will need the approval of the Town Manager, Assistant Town Manager, Finance Director, or Purchasing Director, who will initial the sign-out sheet. A receipt must be obtained for every purchase. Any item or service that can be obtained should be obtained through the purchase order process.
4. **ACCOUNTABILITY.** The receipts need to be attached to the monthly statement and forwarded to Accounts Payable for payment. There must be a receipt for every item purchased. Statement amounts must be divided into the appropriate general ledger account numbers for proper posting.
5. **ABUSE.** Abuse can be separated into two categories. One category would be using the credit card when the purchase could have gone through the purchase order process and the other category is using a Town credit card for a personal purchase. Using the credit card instead of the purchase order process could result in elimination of the card. Personal use of the Town credit card will result in repayment from the employee for the purchase and could result in discipline including termination of employment. In both cases, all disciplinary actions are at the discretion of the Town Manager.

INFORMAL BID (REVIEW) FORM
For Purchases Equal to or Between \$5,000 and 20,000
 (This form should also be used for informal market reviews for purchases
 equal to and greater than \$2,000 and less than \$5,000)

DATE: _____

DEPARTMENT: _____

REQUESTED SUPPLY, PRODUCT, OR SERVICE:

ORAL OR WRITTEN#	VENDOR NAME	BID AMOUNT	CONTRIBUTING FACTORS*
1.			
2.			
3.			
4.			

NOTE #: All bids received in writing are attached to this form.

NOTE *: Contributing factors could include warrantee, service costs, vendor history, etc.

REASON IF CONTACTED LESS THAN 3 VENDORS: