

SUBJECT: PURCHASING POLICIES AND PROCEDURES

Purpose: To establish standardized procedures and routines for the requisition and purchase of all goods and services in the City of Madison. It is the intent of this procedure to document and identify the general areas of authority and responsibility related to the purchasing-expenditure process. (See APM 1-1 for details on the City *contracting* process.)

Under Section 4.14 of the Madison General Ordinances, “no agent of the City having authority to employ labor or to purchase materials, supplies or any other commodities, shall have the authority to bind the City in any way or incur any indebtedness for which the City may become liable without first notifying the City Comptroller....”

The Comptroller has adopted the following procedural documents to guide this process:

- Purchasing Guidelines
- Purchasing Services and Accounting Handbook (Purchasing Handbook)
- Purchasing Card Manual (P-Card Manual)

These documents are incorporated into and made an integral part of this APM. The Purchasing Guidelines, Purchasing Handbook, and P-Card Manual have been specifically designed for use by those individuals in each agency responsible for the day-to-day processing of purchasing documents.

Applicability: This APM covers the purchase of all materials, supplies and services for all agencies of the City, except the Library Board Monona Terrace, and any other department or agency that by statute or ordinance has the specific authority to make purchases. Public works (public construction) contracts subject to bidding under Wis. Stat. §62.15 are also not subject to this APM. City departments or agencies not subject to this APM may choose to utilize it if desired. This APM does not apply to separate legal entities such as the Community Development Authority or the Madison Cultural Arts District, unless those entities have an agreement with the City to make purchases through Purchasing Services or to follow City purchasing procedures.

The Comptroller may give approval for a City utility to request requisitions, issue purchase orders and process accounts payable internally generated under separate financial software system, rather than through the Comptroller’s office, however the utility shall follow the Purchasing Guidelines, Purchasing Handbook, and all other applicable policies stated in this APM.

Purchasing Services of the Comptroller’s Office derives authority to make purchases through the following ordinances:

Purchasing Services of the Comptroller’s Office and the Purchasing Agent (MGO 4.26 and 4.27): The duties of Purchasing Services and Purchasing Agent are described in Sections 4.26 and 4.27, MGO. The general duties of the Purchasing Agent are as follows:

- a. Purchase supplies, materials, services and equipment for the City.
- b. Prepare bid specifications and Requests for Proposal (RFP) in cooperation with the appropriate department heads.

- c. Advertise for bids and RFPs when required, including posting to the City's designated websites.
- d. Verify that the appropriate competitive selection process has been utilized, as required by MGO 4.26 and any other applicable law.
- e. Sign contracts for purchase of goods and service as authorized in MGO 4.26 or other applicable law.

City Comptroller: See Sections 4.01, 4.06(1), and 4.14, MGO. The City Comptroller's duties and responsibilities with respect to purchasing include:

- a. Having control, custody and maintenance of all books and records for the City.
- b. Paying only those claims presented to the City on forms prescribed by him and furnished by the City.
- c. Approving all requisitions and orders for goods and services after certifying availability of funds, validity of order and compliance to budget.
- d. Approving all resolutions, agreements and contracts before being presented to the Mayor for approval.
- e. Approving the issuance of all purchase orders.

Purchasing Responsibilities - Department/Division Heads: It is the responsibility of each department or division head to properly utilize the resources made available to the agency in the operating budget. The department or division head has the responsibility for the utilization of these resources and the sole authority to make commitments against these resources, provided that such commitments fulfill the requirements of existing ordinances and procedures.

Procedure: In the daily exercising of his/her duties, it will be necessary for each department and division head, or his/her designee, to authorize the purchase of certain materials and services. All such requests, other than Public Works contracts, must be submitted on an electronic requisition form or LPO (Limited Purchase Order) to Purchasing Services, or be authorized through a credit card purchase carried out in accordance with the P-Card Manual.

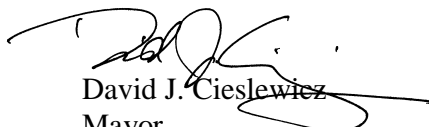
Depending on the type of purchase, the purchasing contact within each department will seek quotes, submit specifications for Purchasing Services to do a bid or RFP, or select a vendor, according to the rules of the Purchasing Guidelines. When the vendor and price have been established, a Purchase Order (PO) is issued. All Purchase Orders require approval of the City Comptroller or designee as to the availability of funds, appropriateness of account number and validity of purchase, before the PO is mailed to the vendor.

Upon acceptance of a Purchase Order by a vendor, a contract between the City and the vendor exists. (A PO may also be used when a more formal contract exists between the parties. If so, the PO should reference the contract by name, date, number if applicable.) It is the department's responsibility to inform the Comptroller's Office when the materials or services have been received and if the materials/services are acceptable. This is accomplished by receipting the invoice against the Purchase Order.

Department and division heads may elect to delegate the authority to purchase certain items to other individuals in their organization. In order to avoid misunderstandings and delays in procedures, each department and division head must prepare and furnish to the Purchasing Agent a list of all individuals authorized to submit requisitions and LPOs. This authorization may be for all items or limited to certain types of requisitions. This must also be done for credit card purchases. The department or division head is responsible for compliance with all purchasing procedures, whether done with a credit card or otherwise.

Each department or division head should designate one or more persons as a purchasing contact person. The contact person's duties will be to:

1. Prepare purchase requisitions (request for Purchase Order) using the applicable accounting software system. Depending on the size of the purchase and what is being purchased, this may also require the contact person to:
 - a. solicit quotes when required by the Purchasing Guidelines.
 - b. prepare Contract for Purchase of Services (POS) when required by the Purchasing Guidelines.
 - c. obtain "sweat free" documentation for apparel purchases, if required by MGO 4.25, "Procurement of Items of Apparel," using forms provided by Purchasing Services.
 - d. apply Local Purchasing Preference when applicable (see Resolution No. RES-07-00421) and any subsequent City policies governing local purchasing.
2. Monitor purchase requisitions to be sure that:
 - a. goods are received; and/or
 - b. services are delivered; and
 - c. invoices are receipted and sent to the Comptroller's Office (typically, accounts payable).
3. Review open Purchase Order file(s) to determine if an unreasonable time has elapsed without any activity on an open purchase order.
4. Payment. Ensure that all invoices, statements or other similar vendor-originated documents are sent immediately upon receipt, to the Comptroller's Office (Accounts Payable) for payment.


David J. Cieslewicz
Mayor

APM No. 1-4
November 4, 2009

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(Revised 5/27/2008)