

CITY OF WINONA WINONA, MINNESOTA ADMINISTRATIVE PROCEDURE	NUMBER: 114-1	REVISED: 8	PAGE <u> 1 </u> OF <u> 4 </u>
	SUBJECT: PURCHASING PROCEDURE		

1.0 POLICY

It is the policy of the City of Winona to departmentalize purchasing so that each department is accountable for their purchases, and to secure the highest quality of service, materials, and equipment for the most economic price. This can be attained by the cooperation and planning of all city departments.

2.0 DEPARTMENTS CONCERNED

All departments and divisions.

3.0 PURCHASING AUTHORITY

3.1 City Charter

3.1.1 Section 6.07 - The Manager shall be responsible for all city purchasing. The section also requires The City Manager shall maintain centralized purchasing of two items common to two or more departments.

3.1.2 Section 6.08 - Contracts (How Let). The Council may, by an emergency ordinance, let contracts as necessary for the emergency.

3.2 Uniform Municipal Contracting Law

The City will conform to the current State Statutes (or State Laws) for the procedures to follow.

4.0 PURCHASING REGULATIONS

4.1 Change orders on Contracts:

All change orders over 10% (of the contract price) are to be approved by the City Council.

4.2 Capital Assets:

4.2.1 The City has a "capitalization threshold" for Capital Assets of \$5,000, which means that items under \$5,000 would not be considered a Capital Asset.

DEPARTMENT: FINANCE	SUPERSEDES: 11/9/01	PREPARED BY: MBB	APPROVED BY: EBS	DATE: 1/5/04 REVIEWED 4/1/2010
-------------------------------	-------------------------------	----------------------------	----------------------------	---

CITY OF WINONA WINONA, MINNESOTA ADMINISTRATIVE PROCEDURE	NUMBER: 114-1	REVISED: 8	PAGE <u>2</u> OF <u>4</u>
	SUBJECT: PURCHASING PROCEDURE		

4.2.2 In general, the \$5,000 amount should be applied to individual capital assets rather than a group of capital assets.

4.2.3 In order for an item to be called a Capital Asset, it should have an estimated useful life of at least two years following the date of acquisition.

4.2.4 The Capital Asset section of a department's budget is the 7XXX area.

4.3 Purchasing for Out-of-Town Travel:

For all out-of-town travel, related to the City, an employee should always attempt to reserve airline tickets, hotel rooms, etc. and control other costs such that the City will pay the lowest possible cost for the overall trip.

Documentation and expenses for out-of-town travel shall always conform to the Internal Revenue Code.

The City may decide to use one travel agency for the purchase of all airline tickets used in travel for City business. (The travel agency would be required to send monthly statements to the City that would list the employee's name and the actual cost of each ticket. The list would be distributed to the department heads monthly.) This item was a general recommendation, for internal control purposes, from our Independent Auditor.

5.0 PURCHASING PROCEDURES

5.1 Authorization

All purchases are to be approved by the department head (or another person assigned by the department head).

5.2 Purchasing Responsibilities

The department head, of the department that is making the purchase, is responsible to be sure that money is available to pay for the item that was purchased (within their departmental budget) and that the expenditure is a proper use of City dollars.

DEPARTMENT: FINANCE	SUPERSEDES: 11/9/01	PREPARED BY: MBB	APPROVED BY: EBS	DATE: 1/5/04 REVIEWED 4/1/2010
-------------------------------	-------------------------------	----------------------------	----------------------------	---

CITY OF WINONA WINONA, MINNESOTA ADMINISTRATIVE PROCEDURE	NUMBER: 114-1	REVISED: 8	PAGE <u>3</u> OF <u>4</u>
	SUBJECT: PURCHASING PROCEDURE		

5.3 Payment to Vendors

All invoices should be paid promptly by the department that made the purchase. (The Finance Department will issue the checks for the payments, per the check payment schedule, via the computer system.)

5.4 Standard Specifications

Specifications on items to be purchased are to be approved by the appropriate department head. The department head is to be concerned that specifications are so drawn as to permit responsible and adequate competition.

5.5 Quantity Purchases

Quantity purchases are to be made whenever practicable.

5.6 Petty Cash

City employees may purchase small items, not over \$100.00 in cash. The employee shall obtain an authorization signed by the department head or the designated representative of the department, to present to the Finance Department for the purpose of receiving reimbursement from petty cash.

The use of petty cash should be kept to a minimum. The normal reimbursement and purchase procedures should be used whenever possible.

Travel reimbursement is not an appropriate use of petty cash.

6.0 IMPLEMENTING PURCHASING PROCEDURES

6.1 Purchase Orders

6.1.1 Preparation

The departments purchase the needed items, supplies and equipment to be used **by the City**. A City employee shall not use the City as a purchasing agent to purchase supplies and equipment at a discount. In other words, a City employee cannot use the City to purchase supplies and equipment from

DEPARTMENT: FINANCE	SUPERSEDES: 11/9/01	PREPARED BY: MBB	APPROVED BY: EBS	DATE: 1/5/04 REVIEWED 4/1/2010
-------------------------------	-------------------------------	----------------------------	----------------------------	---

CITY OF WINONA WINONA, MINNESOTA ADMINISTRATIVE PROCEDURE	NUMBER: 114-1	REVISED: 8	PAGE <u>4</u> OF <u>4</u>
	SUBJECT: PURCHASING PROCEDURE		

a private vendor even if the cost of the supplies and equipment is billed directly to the employee. Detailed procedures are as follows:

6.1.1.1 Numbering

Purchase orders will be numbered by the computer system.

6.1.1.2 Information

The department making the purchase shall enter all of the pertinent information, for the purchase order, into the computer. (The description of the item purchased should be included on the purchase order.)

6.1.1.3 Printing Purchase Orders

Purchase orders will be printed by the Finance Department. The Finance Department will forward all completed purchase orders to the appropriate departments.

6.1.1.4 Authorized Signature

Purchase orders should be signed by the department head (that is making the purchase) or a representative assigned by the department head.

6.1.1.5 Attached Invoice

An invoice must be attached to the payment request. (If the invoice has been lost, approval for the payment may be made by the City Manager.)

6.1.1.6 Responsibility for Payment of Purchases

The Finance Department will prepare and have the accounts payable checks signed.
Both the Finance Director and the City Manager will receive the check register report for their review.

DEPARTMENT: FINANCE	SUPERSEDES: 11/9/01	PREPARED BY: MBB	APPROVED BY: EBS	DATE: 1/5/04 REVIEWED 4/1/2010
-------------------------------	-------------------------------	----------------------------	----------------------------	---