

RESOLUTION #176 (Revision 4)

June 18, 2013

A resolution establishing the Board of Aldermen's policy for the purchase of materials, supplies and services for the City of Highland Haven.

Whereas, the city, during its first month of incorporation in November of 1995, did formulate purchasing policy through Resolutions #010, #011 and #012; and

Whereas, ten years of city administration experience indicates a need for consolidation, change and clarification of purchasing policy, and

Whereas, lack of paid staff demands adoption of practices and procedures which reduce administrative functions to only those necessary to prevent misuse of purchasing authority and to provide an audit trail for financial accounting.

Whereas, the Board of Aldermen wish to assure that contractors are insured or the city is held harmless

Whereas, the Board of Aldermen wish to assure there are at least four city officials to have signature authority on all checking, savings and investment accounts.

BE IT THEREFORE RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF HIGHLAND HAVEN, TEXAS THAT:

1. The following City Resolutions are revoked and replaced by this resolution:
 - A. Resolution #010, approved November 21, 1995 and revised September 21, 1999, setting forth requirements to utilize purchase orders and defining monetary spending authority limits.
 - B. Resolution #011, approved November 21, 1995, requiring Board of Aldermen approval to establish charge accounts.
 - C. Resolution #012, approved November 21, 1995, prohibiting use of charge cards.
 - D. Resolution #018, approved December 12, 1995 and revised February 18, 2003, authorizing charge account with Viking Office Supplies.
 - E. Resolution #124, approved May 21, 2002, establishing two signatures on bank draft and maximum of three authorized signatories.
 - F. Resolution #176- Revision 0, 1, & 2 – purchasing policy.

- G. Resolution #176 Revision 3 provided for a fourth checking account signature authorization.
 - H. Resolution #176 Revision 4 provides for a fourth authorized signature for city checking accounts.
2. Purchasing authority will be distributed and delegated, as far as possible and prudent, to the elected official (Mayor and Aldermen) who have been designated, by law or the Board, to have primary responsibility for an area of supervision. Therefore, purchase approval authority will be:
 - A. \$0.01 to \$1000.00 – the official responsible for area of supervision,
 - B. \$1,000.01 to \$2,500.00 – the responsible official plus the Mayor or one additional Alderman. (In overlapping areas, the other responsible official),
 - C. \$2,500.01 and above – approval by the Board of Aldermen.
 3. Competitive bidding and price comparison:
 - A. \$2500.01 and above – competitive bids required except for negotiated inter-local service agreements.
 - B. \$2500.00 and below – competitive bids not required, but price comparisons expected. A minimum of two bids or comparisons is required except for sole source items or when only one bidder is available within the local area.
 - C. Acceptance of low bid and/or low price is not mandatory. Quantity, quality, availability and previous experience with the vendor may be considered.
 4. Use of charge accounts and credit cards. Extremely limited paid staff makes the use of charge accounts and credit cards attractive due to limiting check payments, reduction in financial accounting documents and making more products available by reducing travel time of unpaid elected officials involved in purchasing of material and supplies.
 - A. Charge accounts:
 - (1.) Will be utilized where deemed appropriate for purchase of materials, supplies, equipment and services.
 - (2.) Will be paid, in full, on receipt of monthly billing statement.
 - (3.) May be opened by Alderman, but must be approved by the Mayor.
 - (4.) Listing of approved charge accounts will be maintained by the City Secretary.
 - B. Credit cards:
 - (1.) Only one (1) Visa, MasterCard, Discover, etc. account may be opened in the name of the City of Highland Haven.
 - (2.) No more than three (3) cards may be issued; one under the control of the Mayor and two (2) under the control of the City Secretary.
 - (3.) Account credit limit will not exceed \$5,000.00.

- (4.) Balance will be paid in full, monthly.
5. Petty cash account:
 - A. A petty cash fund of not more than \$100.00 is authorized.
 - B. Authorized expenditures from petty cash are limited to one-time payments not to exceed \$50.00 for purchases of stamps, office supplies and maintenance items. No expenditures for labor or return of fees and deposits are authorized from this fund.
 - C. Replenishment of fund is limited to reimbursements from postage, copy and fax usage and by cash (check) transfer from general fund bank account.
6. Payments:
 - A. By check except for authorized petty cash disbursements.
 - B. Signature authority on all checking, savings and investment accounts are granted to the Mayor, Mayor Pro-tem, Treasurer and City Secretary. If one city official holds more than one of these positions, another Alderman may be granted signature authority on all checking, savings and investment accounts.
 - C. Checks to be signed by two officials – Mayor, Mayor Pro-tem, Treasurer, City Secretary or authorized Alderman.
 - D. Computerized checks will be utilized when feasible. Handwritten checks may be used when immediate payment is necessary during non-office hours to achieve delivery of merchandise or services.
7. Documentation:
 - A. Pre-approval:
 - (1.) Less than \$1,000 – no written pre-purchase approval required.
 - (2.) \$1,000.01 - \$2,500.00 - Vendor proposal, bid or purchase order signed by two elected officials or one elected official and the City Secretary.
 - (3.) Over \$2500.01 – Board approval of vendor proposal, bid or inter-local agreement.
 - B. Verification – All purchases and billing invoices will be verified, by Mayor’s or Treasurer’s initial, as properly authorized, merchandise or services received, and within fiscal year budget allocation prior to dispatch of payments checks.
 - C. Evidence of contractor liability insurance and workmen’s compensation shall be obtained from contractors. In lieu of liability insurance and/or workmen’s compensation documentation a “Hold Harmless” document may be obtained from the contractor. The above requirements may be performed after the fact in emergencies.

PASSED AND APPROVED on the *18th day of June 2013* at a scheduled meeting by the Board of Aldermen of the City of Highland Haven, Texas.

Peter E. Freehill, Mayor

Attest:

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Dana Turner, City Secretary