

RESOLUTION NO. 15-005

A RESOLUTION OF THE COMMISSIONERS OF CAMBRIDGE, MARYLAND, TO AMEND ADMINISTRATIVE STANDARD OPERATING PROCEDURE NO. 24 "PROCUREMENT PROCEDURE" BY EXEMPTING THE REQUIREMENT OF OBTAINING A PURCHASE ORDER AND THE REQUIREMENT OF CITY COUNCIL APPROVAL FOR PURCHASES UNDER THE SUM OF TWENTY FIVE THOUSAND DOLLARS (\$25,000.00)

WHEREAS, the Commissioners of Cambridge desire to amend Administrative Standard Operating Procedure No. 24, entitled "Procurement Procedure," by changing the authorized employees/officers for approval of expenditures, and by creating certain exceptions to the requirements of obtaining approval of Purchase Orders by the City Council for purchases under the sum of Twenty Five Thousand Dollars (\$25,000.00).

NOW, THEREFORE, BE IT RESOLVED THAT THE COMMISSIONERS OF CAMBRIDGE hereby amend Standard Operating Procedure No. 24, entitled "Procurement Procedure," is hereby rescinded and reenacted to read as follows:

***PROCUREMENT PROCEDURE***

***I. PURPOSE:***

*To establish a system of procurement for all departments of the City of Cambridge, Maryland.*

***II. EFFECTIVE DATE:***

*The effective date of this ASOP is May 11, 1998. All previously existing policies and procedures regarding procurement including, but not limited to ASOP Nos. 1, 10, and 20 are hereby superseded.*

***III. PROCEDURE:***

***Authorization and Responsibility***

- 1. The **City Manager** ~~Clerk-Treasurer~~ is designated by the Mayor and City Commissioners as the individual with final approval authority for payment of any and all purchases of goods and services. **In the absence/unavailability of the City Manager, the Finance Director shall act.***

2. *It is the responsibility of the **City Manager** ~~Clerk-Treasurer~~ to ensure that all aspects of this ASOP are adhered to and to ascertain that sufficient funds exist within the City's budget prior to the commitment of those funds. Exceptions to this policy require advance approval of the **City Manager**. In the absence/unavailability of the City Manager, the Finance Director shall act. The Chairman of the Finance Committee or the Mayor may sign in the absence/unavailability of the City Manager and Finance Director.*
3. *It is the responsibility of each Department Head to ensure that all aspects of this ASOP are adhered to by their respective departments.*

#### **Purchase Order Requirements**

1. *All purchases of \$2,500 or more require the completion of a purchase order.*
2. *Purchases of less than \$2,500 will not require the completion of a purchase order but will be made with the pre-approval of the appropriate individual(s).*
3. *Recurring monthly bills (such as for telephones and utilities) previously authorized by the appropriate individual do not require the completion of a purchase order.*

#### **Completion of Purchase Orders**

1. *Purchase orders are to be completed in their entirety by the originating party prior to placing an order for, or in any way committing funds for, goods or services.*
2. *Purchase orders can be initiated by Department Head designees who are to sign and date the purchase order as the preparer.*
3. *Purchase orders are also to be signed and dated by Department Heads to provide the authorization to place the order.*
4. *Purchase order approvals and dollar limits are as follows:*

Up to \$2,500	Department Head - No PO required
<del>Over \$2,500</del>	<del>Department Head, Clerk Treasurer and City Council's approval PO required</del>
<u>\$2,500 to \$25,000</u>	<u>Department Head <i>and</i> City Manager or Finance Director - PO required</u>
<u>Over \$25,000</u>	<u>Department Head, Finance Director, and City Manager. The Acting City Manager, Chairman of the Finance Committee or the Mayor may sign in the absence of the City Manager <i>either of the aforesaid authorized individuals.</i></u>

5. For information purposes a list of Purchase orders approved in accordance with the above is to be provided to Council at their regular meetings.
6. All departmental budget amendments shall be approved by the Department Head, Finance Director, and City Manager. The Chairman of the Finance Committee or the Mayor are authorized to act in the absence of either of the aforesaid individuals. ("Department Budget amendments" as used herein is hereby defined as an expenditure within a particular department that will not result in an increase in the amount of funds budgeted, allocated and appropriated for that particular department during the city's annual budget process).
7. All amendments to the budget appropriations require the approval of a two-thirds vote of all of the elected city commissioners. ("Budge appropriation" as used herein is hereby defined as an expenditure of money that will result in an increase in the money budgeted and appropriated for a particular department during the annual budget process. All authorizations to expend funds from the city's unreserved fund balance shall constitute an amendment to

the city's budget appropriations).

### Processing of Purchase Orders

1. Purchase orders will be posted to the accounting system as received and funds will be encumbered at that time.
2. Once the goods or services have been received, the bill of lading that accompanies the order and the yellow copy of the purchase order will serve as a receiving report. The recipient will verify that items received per the receiving report match the items ordered per the purchase order in all material respects. Such verification will be evidenced by the recipient's initials and date of receipt in the appropriate location on the purchase order.
3. Upon receipt, the invoice will be matched to the foregoing documents in the pending invoice file. Invoices will be verified for accuracy and attached to the documents in the pending invoice file and payment procedures will be initiated.

### Payment Procedures

1. Use of a signature stamp is permitted for all checks. Checks of \$5,000 or more require the initials of the Finance Director ~~Clerk-Treasurer~~ near the stamped signature to evidence the Finance Director's ~~Clerk-Treasurer's~~ review prior to issuance.
2. All supporting documents will be stamped "paid" once payment has been made to prevent double payment of invoices.
3. The accounting department will reconcile all monthly vendor statements and will notify Department Heads or their designees to resolve any discrepancies detected with the appropriate vendor.

## *Bid Procedures*

- 1. All purchases of new capital assets in excess of \$10,000 require the formal solicitation of bids except for those capital asset purchases that can be purchased through a State, or another County/Municipal contract or that can only be acquired from a sole supplier. Capital assets are defined as those assets having a useful life of more than one year with a value of more than \$5,000.00. Approval of the Mayor and City Commissioners is required prior to such solicitation of bids and/or purchases through a State, or another County/Municipal contract or sole supplier.*
- 2. Once Mayor and City Commissioners approval has been obtained, the solicitation of bids will occur as follows:*
  - A. Advertisement(s) will be placed in local newspaper publications of general circulation;*
  - B. Sealed bids will be accepted up to 4 p.m. on the day of the formal reading of the bids;*
  - C. The Mayor and City Commissioners will consider the recommendation of the appropriate Department Head and will select the bidder after review and verification of bid information has been performed by the appropriate individual.*
- 3. Nothing in this A.S.O.P. No. 24 shall be interpreted to prohibit or limit the obtaining of bids and quotes from companies via the Internet. Staff members are expressly authorized to obtain quotes for capital assets via the Internet, and to submit those quotes in the form of a sealed bid pursuant to the process set forth in paragraph no. 2 hereinabove.*
- 4. Purchases of used capital assets are exempt from the bid procedures. Prior to the acquisition of a used capital asset, the following procedures shall be followed. The Department Head shall make a determination that the needs of the department can be met with a used capital asset; the used capital asset shall be in good to excellent condition, with a satisfactory useful life; and the purchase price of the used*

*capital asset shall result in significant savings to the City of Cambridge as compared to the purchase of a similar new capital asset. In such circumstance, the Department Head shall make a written report and recommendation to the Commissioners of Cambridge setting forth his/her determinations as to the condition of the capital asset, its useful life, and the cost savings to be realized by the acquisition of the used capital asset. The approval of the Commissioners is required prior to the acquisition of a used capital asset.*

**BE IT FURTHER RESOLVED** that this Resolution shall become effective the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

ATTEST:

THE COMMISSIONERS OF CAMBRIDGE

\_\_\_\_\_  
Oden Wheeler, Acting Clerk

By: \_\_\_\_\_  
Victoria Jackson-Stanley, Mayor

APPROVED THIS \_\_\_\_\_ DAY OF SEPTEMBER, 2015