

**CITY OF CARLIN**

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**EXPENSE AND PURCHASING  
MANAGEMENT CONTROL POLICY**

## **1 SCOPE, PURPOSE AND IMPLEMENTATION**

The effective and consistent management of expenses and revenues is critical to the well being of the City of Carlin. The purpose of this policy is to ensure that there is effective, cohesive and consistent management and control of expenses and the procurement of materials, supplies and services for the City and to promote sound accounting practices that meet rigid audit standards.

This policy applies to all departments and divisions within the City of Carlin.

The policy herein is to be implemented in purchasing of all materials, supplies and services for the City of Carlin.

## **2 EXPENSE AUTHORIZATION - PURCHASE ORDERS**

### **2.1 DEPARTMENT HEAD AUTHORIZATION**

Department Heads (City Clerk, Chief of Police, Public Works Director, Chief of Fire Department) may authorize expenditures on a Purchase Order for their Departments, up to \$500, without approval of the City Manager as long as the amounts fall within the budget of the Department

### **2.2 CITY MANAGER AUTHORIZATION**

Expenditures over \$500 must be submitted to the City Manager on a Purchase Order for approval prior to ordering the materials, supplies or services requested. If approval is not given in the form of written signature by the City Manager on the Purchase Order, the expense is not approved and the items or services may not be ordered.

### **2.3 ANNUAL EXPENSE TO BE USED IN CALCULATING LIMITS**

The Purchase Order signing authority limits listed above are to reflect annual spending for the particular item or service. An ongoing service or purchase of an item that will exceed \$500 in a twelve month period must be forwarded to the City Manager for approval.

### **2.4 AUTHORIZATION WITHIN BUDGET LIMITS**

No expense may be authorized by any Department Head, whether it is within the authorized limits or not, if it is not an approved part of the budget overseen by the Department Head. Necessary expenses outside the **Department's** approved budget must be reviewed by and authorized by the City Manager, prior to ordering the expense item or service.

### **2.5 PETTY CASH EXPENDITURES**

Budgeted expenditures up to \$100 may be made through petty cash, requested from the City Clerk, or by using the authorized City Credit Card when approved by the Department Head.

## **3 SPECIFIC PURCHASE / INVOICE ORDER REQUIREMENTS**

**3.1 PROPER SUBMISSION**

Purchase orders must list in detail all associated expenses for the purpose, project, event or item being requested. The Purchase Order serves as a “Requisition” as well as the Order to Purchase a service, supply or material for the City.

**3.2 TIMELY SUBMISSION OF PURCHASE ORDERS**

Department Heads should plan for expenditures so that Purchase Orders are submitted and approved in advance of ordering the service, supply or material.

**3.3 GROUPING OF EXPENSES FOR SINGLE PURPOSE AND APPROVAL**

For the purposes of authorization and approval, expenses are to be grouped together by vendor and purpose so that the highest amount for the vendor/purpose is detailed on the Purchase Order, and the required authorization is obtained. Where multiple vendors are used for one purpose or project, purchase orders for all associated vendors are to be grouped together thereby giving the true total expense for approval prior to ordering the material, supply or service.

**4 PAYMENTS**

**4.1 SIGNING AUTHORITY**

Payment Signing Authority is the ability of an employee of the City of Carlin to authorize payment for material, supplies or services after they have been ordered or supplied to the City. Authorized signing authorities for employees are listed below:

<b>Department Head</b> (City Clerk, Chief of Police, Public Works Director, Chief of Fire Department)	<b>\$1,000 or Less</b>
<b>City Manager</b>  Note - In the event of an emergency need to approve an invoice for payment and the absence of the City Manager, the Mayor, or a Department Head and Member of the City Council may sign the invoice for payment)	<b>\$1,001 - \$15,000</b>
<b>City Manager with the Mayor</b>	<b>\$15,001 to \$24,999</b>
<b>City Manager</b>	<b>Any expense previously and specifically approved by the City Council (expenses associated with awarded bids, major purchases, etc)</b>

## **4.2 PAYMENTS TO VENDORS, CONTRACTORS, SUPPLIERS**

Payments for goods and/or services must be made only to the provider of the services or goods. Payments may not be made to third parties or organizations on behalf of the service or goods provider.

## **4.3 TIMELY PAYMENT PROCESSING**

Invoices for expenses must be submitted for payment when received. Payments due may not be held by Department Heads or others for any reason.

# **5 CITY ISSUED CREDIT CARDS**

## **5.1 CREDIT CARD ISSUANCE**

Department Heads are to be issued City of Carlin credit cards. City Credit Cards may also be issued to all employees who have a demonstrated need to be able to charge expenses while on City of Carlin business. Department Heads are to determine which employees should have credit cards and should submit a list of their employees requiring credit cards to the City Manager for approval. This list will be maintained on file in the City Clerk's office.

## **5.2 USE OF CREDIT CARDS**

Employees may only use the City issued credit card for purchases related to City business and travel when approved by their Department head and the City Manager. City issued credit cards may not be used for any personal, non-City, expense.

## **5.3 STORAGE AND MAINTENANCE OF CITY CREDIT CARDS**

- **Department Heads and Senior Staff**

Because of the need to travel or transact business on short notice, the following City personnel may keep their City issued credit card with them at all times:

- Mayor
- Vice-Mayor
- City Manager
- City Clerk
- Public Works Director
- Chief of Police
- Fire Department Chief
- Fire Department Administrator
- Senior Center Director

All policy requirements and limits in this policy apply to credit card use and must

be followed when using the City issued credit card.

- **Other City Employees with City Issued Credit Cards**

- Must leave the credit card with the City Clerk, who will store them in the City records vault until needed.
- When an employee is authorized to use their credit card, they must retrieve it from the City Clerk, who will have them record in a log when they retrieved the card and sign for it.
- The employee will also record when the card will be returned to the City Clerk.
- On returning the credit card to the City Clerk, the employee will again sign the log and date it indicating that the card was returned.

## **6 PROCUREMENT AND BIDS PROCEDURE**

### **6.1 BIDS AND QUOTES**

The following Sections detail the requirements for Purchasing goods and services and for obtaining verbal and written quotes and full bids. **Note - all amounts indicated are for total annual expense for an item or service. Example, an ongoing monthly expense of \$300 would have an annual expense total of \$3,600 and would fall under the requirements for expenses ranging from \$501 to \$10,000, Section 6.4 below:**

### **6.2 MATERIALS AND SERVICES TO BE PURCHASED FROM LOWEST BID OR QUOTE**

Materials and supplies will be purchased from the suppliers providing the lowest quote or bid for comparable services or goods. In the event that a supplier has previously not fulfilled price, service or quality expectations of the City, these issues must be documented and City Manager approval obtained before a purchase may be made from a supplier whose bid or quote is higher.

### **6.3 ESTIMATED COST OF SERVICE, MATERIAL OR SUPPLY \$500 OR LESS**

Requirements:

- Department Head Approval
- Purchase order signed by Authorizing Department Head

### **6.4 ESTIMATED COST OF SERVICE, MATERIAL OR SUPPLY \$501 TO \$10,000**

Requirements:

- Department Head and City Manager Approval
- Purchase Order signed by City Manager

- Three (3) verbal quotes documented by the Department Head and provided with the Purchase order to the City Manager
- Pertinent documentation regarding the need for the purchase to be kept on file in the vendor's/supplier's file in the City Clerk's office

#### 6.5 ESTIMATED COST OF SERVICE, MATERIAL OR SUPPLY \$10,001 TO \$24,999

Requirements:

- Three (3) written price Quotes from different Vendors/Suppliers.
- **Note - If circumstances and time limitations inhibit the solicitation of written quotes, verbal Quotes, documented in writing by the Department Head and witnessed when received by the City Manager or a designee of the City Manager, are acceptable.**
- The Department Head is to obtain the written quotes from the vendors/suppliers on their letterhead showing date amount of quote and item or service to be purchased.
- The written quotes are to be submitted with the Purchase Order.
- The required Expense Authorization pursuant to Section 2 of this policy must be obtained, i.e. Purchase Order signed by City Manager
- **The written quotes are to be kept on file in the vendor's/supplier's file in the City Clerk's office with the signed Purchase Order and Invoice(s) when they are received.**
- When Verbal Quotes are received, the Department Head is to record all three verbal quotes showing vendor, date, amount of quote and item/service to be purchased.
- The record of the verbal quotes is to be submitted with the Purchase Order.
- The required Expense Authorization pursuant to Section 2 of this policy must be obtained, i.e. Purchase Order signed by City Manager
- The verbal quotes are to be kept on file with the Purchase Order and Invoice(s) when they are received.

#### 6.6 ESTIMATED COST OF SERVICE, MATERIAL OR SUPPLY \$25,001 AND GREATER

Requirements:

- A minimum of three (3) written and sealed bids from different Vendors/Suppliers.
- **The City of Carlin will adhere strictly to all statutory regulations and requirements as provided in NRS 332, 333 and 334 as well as any other rule or requirement of law pertaining to purchasing and bids.**
- The Department Head must prepare, or have prepared, a detailed Request for Proposal (RFP) that specifies in the service or item to be purchased as well as any

requirements regarding the bidder.

- The RFP will be reviewed by the City Manager with the Department Head
- If the RFP is approved, The Department Head will work with the City Manager and City Clerk to advertise the bid in accordance with all statutory requirements
- As a minimum, bids are to be opened by the responsible Department Head, the City Manager, One other Department Head and the Mayor or at least one member of the City Council designated by the Mayor.
- The bid will be awarded to the lowest responsible and responsive bid.
- Bids that do not comply with the requirements of the RFP or other bid documents will be eliminated as non-compliant.
- All bidders will be advised of the status of their bids (Ex. - Awarded, Not Awarded, Non-Compliant)
- All bid documentation, and correspondence will be maintained on file in the City for a minimum of seven (7) years.

## **7 SPIRIT AND INTENT OF THE POLICY**

The spirit and intent of the policy is to encourage and foster strong expense management control and financial strength within the City. In this spirit, questions regarding implementation of the policy and authorizations required by the policy should always default to the highest level of control. When there is a doubt concerning the required level of approval for expenditures, the expenditure should be referred to the next highest level for consideration and approval.

## **8 VIOLATIONS OF THE POLICY**

### **8.1 SPLITTING OF INVOICES/PURCHASE ORDERS**

It is a violation of this policy to split expenses on invoices or purchase orders for the purpose of maintaining them within the limits of a specific expense authorization or signing authority level in order to avoid approvals by the City Manager, City Council or other approvals that may be required by statute.

### **8.2 UNAUTHORIZED USE OF CREDIT CARD**

All use of the authorized city credit card must be for purchases for the City under \$100 and with approval of the **employee's** Department Head. The only other authorized use of the City credit card is to pay for travel expenses that have been approved in advance by the City Manager or Mayor.

Use of the City credit card except as allowed in this paragraph constitutes a violation of this policy.

### **8.3 POST ORDER SUBMISSION OF PURCHASE ORDERS**

Submitting Purchase Orders for approval after ordering the supply, material or service will constitute a violation of this policy. If an emergency situation arises and it is necessary to order supplies, materials or services before a Purchase Order can be submitted for approval, the Department Head should document the emergency and necessity for making the purchase, make every attempt to obtain telephone approval or other verbal approval from the City Manager for the purchase and speak with at least one other Department Head to confirm that the situation does constitute an emergency and that the purchase is necessary. The conversation with the second Department Head should be documented.

### **8.4 OTHER VIOLATIONS OF THE POLICY**

Violations of this policy include:

- Deliberate failure to abide by the requirements of the policy
- Failure to understand and comply with the policy
- Attempts to circumvent the requirements of the policy
- Lack of compliance with the spirit and intent of the policy
- Any other failure to abide by the requirements of the Purchasing and Expense Control Policy.

### **8.5 CONSEQUENCES OF VIOLATION OF THE POLICY**

Control and management of expenses are critical to the City. Therefore, violations of this policy by Department Heads and other City of Carlin Employees may result in disciplinary action, including the possibility of termination from employment.