

Hurricane Fire & Rescue Hurricane, WV

Administrative Guidelines

Subject
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Purchasing Guidelines
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7

Purpose: To establish a guideline for purchasing practices of the department.

Scope: All personnel.

Responsibility: It is the responsibility of all personnel to adhere to this guideline.

The largest portion of expenditures is represented by purchases of supplies and equipment. There are five types of purchases made by Hurricane Fire & Rescue.

- A. Petty Cash – This type encompasses all small purchases of materials, goods, or supplies purchased by the department and reimbursed by the department to the member for some purchase expenses. These purchases are limited to \$100.00 (See Policy 3.7, Section 3.7(4) for Petty Cash procedures.)
- B. Exempt Purchases – Certain other purchases are exempted from formal purchasing procedures because of the kind of expense. These include expenses that are under contract or are contractual in nature (consultant fees, rental expense) or ordinary, routine, unavoidable expenditures (utility, insurance).
- C. Purchases using a Blanket Purchase Order – These are purchases that follow formal purchasing procedures but for which a particular vendor is used frequently. A “blanket” purchase order is prepared to cover the estimated purchases or expense to be incurred for the month, quarter or any specific period of time. These include expenses for which a periodic cost can be estimated or known (professional retainers, supplies, and maintenance fees).
- D. Purchases requiring a Purchase Order – All other purchases of goods or services must follow the formal purchasing procedures.

Purchasing

As described in SOG 702, Contracting Procedures, Hurricane Fire & Rescue follows these guidelines, for the acquisition of professional services.

In addition, Hurricane Fire & Rescue has established additional internal procedures for purchases as shown.

- A. A member establishes the need for a particular supply item or piece of equipment and submits a requisition to the Fire Chief.
- B. The requestor prepares a purchase order for issuance to the appropriate vendor. The purchase order indicates the number, type, shipping, and unit cost of the item(s) needed and the full cost of the order.
- C. The Chief reviews the request and determines if sufficient funds are available in the budget to pay for the goods and services to be purchased.
- D. The Purchase Order is then submitted to the Board if over \$500.00 for approval.
- E. If funds are available, the purchase order is issued to the vendor.
- F. Vendor delivers goods or services to Hurricane Fire & Rescue.

Upon delivery the Chief is informed of receipt of goods specifying amount, condition, and any problems as indicated on the packing slip or work order.

- G. Vendor sends invoice to Hurricane Fire & Rescue.
- H. The Chief or the Treasurer checks invoice against purchase order and receiving report and, if all is in order, schedules payment.

Basic documents needed to accommodate this process include the following:

- Purchase Requisition. Document on which to request funds.
- Purchase Order. Document issued to vendors.
- Receiving Report. Document that verifies receipt of goods.

Purchasing procedures based on the above process are presented in the following Sections.

Purchase Requisition Preparation

A. Purpose

The purchase requisition is the document used to inform the purchasing agent those goods or services are desired. It is the basis for preparation of a purchase

order.

B. Procedure
Requestor

1. Complete a purchase requisition form including the following:
 - Date;
 - Requisition number;
 - Date required;
 - Quantity;
 - Serial number for the item (if any);
 - Description;
 - Price;
 - Deliver point;
 - Program requesting item; and,
 - Person making request.
2. Deliver the Purchase Order to the Chief.

Purchase Order Preparation

A. Purpose

The purchase order is the instrument used to initiate and control purchases. It should thus be completed and approved prior to making a purchase so that effective managerial control over resources is continually maintained. The purpose of the system is to ensure that only those items needed by Hurricane Fire & Rescue are purchased.

All capital purchases or purchases of materials, supplies, and services are coordinated through the Fire Chief or Treasurer who will oversee bid solicitation and sign purchase orders.

B. Procedure

Purchasing Agent (Fire Chief or Treasurer):

1. Obtain requisition form for goods or services.
2. Evaluate the need for item(s).
3. Check the annual budget to verify that money is available to pay for the purchase. For capital purchase requests, review the capital outlay budget to determine if the item was included. If not, forward the request to the Board. Check outstanding purchase orders to verify that remaining budgeted monies are available for additional purchases.
4. Obtain bids if required.
5. Record price quotations on the purchase order from the requisition, catalogues, phone calls, or similar methods.

6. Complete other information on the purchase order including vendor, date, shipping destination, quantity, description, and total amount.
7. Sign the purchase order and forward through the appropriate chain of command with the purchase order being sent to the Chief.

Blanket Purchase Orders

A. Purpose

Blanket purchase orders are used for those few merchants from whom many repetitive purchases are made, as supplies are required. Rather than issue a purchase order for each purchase, one purchase order is issued for a specified time period (not to exceed one year) to cover all purchase during that year.

B. Procedure

Purchasing Agent (Fire Chief or Treasurer):

1. Identify the need to have a blanket purchase order through examination of past purchasing records.
2. Solicit bids from qualified local suppliers if there is more than one accessible supplier.
3. Place the order with the selected vendor by issuing a pre-numbered purchase order. In the description Section, write:

“Term order; furnish items as requested by Hurricane Fire & Rescue members when above purchase order number is referenced. Issue monthly statements supported by signed counter tickets. This order expires on (month, day, and year).”

4. Determine those employees who will be authorized to make purchases under the blanket purchase order.
5. Inform authorized employees of the types of items covered by blanket purchase orders, vendor name, purchase order number, and expiration date. Each authorized member should obtain approval from the purchasing agent before making a purchase under the blanket purchase order.

Chief:

1. Monthly, compare the delivery a ticket received from authorized members with vendor statements and resolves any difference. Process the vendor invoice for payment.

Purchasing Agent (Fire Chief or Treasurer):

1. Close the blanket purchase orders at the end of the period by writing “Complete” on the copies maintained in accounting and issue a new purchase order for the coming year. Inform authorized members of the new purchase order number.

Individual Purchases against Blanket Purchase Orders

A. Purpose

Local blanket purchase orders are placed periodically with suppliers of repetitively purchased items. The Purchasing Agent (Fire Chief or Treasurer) will provide a list of vendors and items to be purchased from those vendors with a purchase order number valid for the current year. Purchases over \$100.00 should be made only after contracting the purchasing agent.

B. Procedure

Purchaser:

1. Recognize the need for a local order item and consult the local order list supplied by the purchasing agent. Obtain:
 - Local order number;
 - Approval signature required; and,
 - Purchasing agent approval of items over \$100.00
2. Use the local purchase order number to obtain the item from the vendor. Obtain a copy of the vendor packing slip or counter ticket.
3. Forward the packing slip or counter ticket to the Treasurer.

Treasurer:

4. Collect the delivery tickets as received.
5. Compare the delivery tickets to the terms and prices of the agreement with the vendor.
6. File the delivery tickets by vendor.
7. Monthly, compare the delivery tickets to the vendors' statements.
8. Resolve any difference between delivery tickets and vendor statements.
9. Process invoices for payment.

Purchase Order Expediting

A. Purpose

The purchasing agent (Fire Chief or Treasurer) should follow up on purchase orders, which are outstanding beyond the requested delivery dates.

B. Procedure

Purchasing Agent (Fire Chief or Treasurer):

1. Review the purchase orders in the alphabetical open purchase order file on a regular basis.
2. Determine which purchase orders are overdue.
3. Contact vendors responsible for late deliveries.
4. Maintain a vendor correspondence file that will include phone calls and actions taken on late deliveries.

Receiving

A. Purpose

Deliveries of all goods and services to Hurricane Fire & Rescue should be reported to the purchasing agent (Fire Chief or Treasurer) for processing. The receiving copy of the purchase order, the delivery ticket, or some other written verification, should be sent to the purchasing agent (Fire Chief or Treasurer).

B. Procedure

Receiver:

1. Pull the copy of the purchase order when goods arrive.
2. Check the goods for condition and quantity.
3. Compare the goods to the copy of the purchase order.
4. If there are any problems with the shipment, contact the purchasing agent, who will resolve them with the vendor.
5. After examining the goods, sign and date the receiving report if the shipment completes the purchase order.
6. If there is no copy of the purchase order, no copy of the delivery ticket, or if the delivery does not complete the order, report the receipt on a general receiving report. The form is to be completed as follows:
 - *Received from* – name of person or company making the shipment, and not the carrier.
 - *Received at* – location at which order was received.
 - *Purchase order no.* – Self-explanatory.
 - *Partial shipment* – check if the receipt is for a partial shipment on a purchase order.
 - *Remarks* – any pertinent information not shown elsewhere, include any reason for which payment of invoice should be withheld.
 - *Received by* - signature of person accepting shipment.
 - *Date received* – self-explanatory.

Processing Invoices for Payment

A. Purpose

This procedure describes the process through which the individual documents verifying purchases and receipt of goods are brought together to assure valid payment. Appropriate files are also identified.

B. Procedure

Chief and/or Treasurer:

1. Receive the purchase order. Check to see that dollar limitations for purchases have not been exceeded and that appropriate approvals are included. File by vendor in the open purchase order file.
2. Receive the vendor's invoice; check extensions; and check price and quantity against purchase order.
3. File the purchase order copy and invoices by due date in the unpaid invoice file.

4. Receive the receiving report (packing slip, delivery ticket, or signed purchase order copy) and compare quantities received with quantities billed on vendor invoice.
5. Stamp the invoice for payment.
6. File the receiving report with the corresponding invoice and purchase order.
7. On the due date (or upon date for paying invoices), remove the appropriate documents from the unpaid invoice file, check to see that invoices are stamped for payment.
8. Prepare checks indicating on the check stub the account number and description of purchase.
9. Forward checks to appropriate officials for signing.
10. Completed checks are returned to the Treasurer who separates and delivers the originals to the payee, and files the copies. One copy is filed in numerical sequence. One copy is attached to the supporting documentation and filed in the appropriate vendor file.