

Purchasing Manual



City of Killeen, Texas

October 2016

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I. Purpose.

The City's goal is to comply with the laws of the State of Texas and to acquire the best value and highest quality goods and services for the lowest price. The City prefers to conduct business with local vendors when possible (see Appendix A).

The Purchasing division, hereafter referred to as Purchasing, is aligned with the Support Services Department and partners with the Finance Department to accomplish the following tasks:

- ✓ Establish procedures and controls that comply with Texas Government Code (TGC), Texas Local Government Code (TLGC) Title 8 (Chapters 252, 253 and 271), 2 CFR 200.317-326 (Uniform Federal Procurement Standards), and local policies.
- ✓ Submit requests for City Council approval before awarding any expenditure exceeding the dollar amount governed by the TLGC competitive bid law.
- ✓ Review departmental procurement actions and assist, manage, facilitate and provide high quality, team-based, value-added procurement and support services in compliance with federal, state, and local laws and internal control procedures.
- ✓ Assist the City Council and staff with making informed decisions on behalf of the citizens to procure supplies and services that provide the best value.

Purchasing is focused on high levels of customer service, ethical standards, fairness, and transparency and welcomes qualified, responsible, diverse and "green" vendors.

II. Position Descriptions.

Purchasing Manager: Oversees daily operations in Purchasing; manages the processing and approval of all purchase orders, change orders, and receiving reports; approves purchases and Purchase Orders (PO) over \$3,000 and below \$25,000.00; verifies accounts payable before they are forwarded to the accounting team in Finance for payment to our vendors; serves as point of contact for vendors seeking information on conducting business with the City; oversees the P-Card program and fixed asset/accountability program; and reports to the Executive Director of Support Services.

Senior Purchasing Specialist/ Purchasing Specialist: Processes requisitions forwarded by departments in the enterprise system (SunGard AS-400); manages flags and ensures the inventory is maintained at the lowest possible replenishment level; manages contracts, monitors renewal dates and ensures departments are informed in a timely manner of expiration dates; generates final competitive bid documents and ensures adherence to all policies, procedures, and laws; serves as the contact information center for questions relating to municipal acquisition; and reports to the Purchasing Manager.

Procurement Card Administrator: Manages P-Card program and processing; advises City staff; verifies account code discrepancies; coordinates semi-annual training for City staff; maintains the P-Card dashboard; manages P-Card accounts with merchants and Citibank; coordinates new card authorizations and limit increases; informs the Purchasing Manager of patterns of P-Card misconduct and misuse; and reports to the Purchasing Manager.

Supply Specialist: Establishes and coordinates the City's property accountability system; documents asset purchases and disposal; manages acquisitions via 46-xx (informally managed at department level using Excel) and 61-xx accounts (formally managed at Purchasing using asset sheets); maintains the Fixed Asset module within AS-400; sustains communication and coordination with City departments; schedules live and on-line auctions; informs the Purchasing Manager of accountability concerns; and reports to the Purchasing Manager.

III. Obtaining Goods and Services.

A. P-Cards are used to secure maintenance, repair and operational items and may be used at all accepting vendor locations. Department Heads designate employees to receive a P-Card. All P-Cards have a single transaction limit of \$3,000.00, unless the monthly cycle limit is less than \$3,000.00. As further explained in Appendix B, P-Card Program, purchases may not be split into smaller purchases or combined with other purchases to circumvent purchasing limits.

B. Sam's Club Direct Charge cards are issued to selected employees to secure bulk items that are required on a reoccurring basis. The Purchasing Manager will monitor and evaluate charges to maintain standard procurement practices. (See Appendix C)

C. P-Card users may also make purchases using the City's Amazon Prime account. P-Card users should contact Purchasing to get set up with Amazon.

D. Time-critical and emergency situations will occasionally arise that require departments to make purchases outside the normal purchasing policies. In these cases, departments will contact Purchasing as soon as possible, preferably in advance of the purchase. See Section VIII for detailed instructions on emergency purchases.

E. POs are required regardless of the total cost unless purchases are made with petty cash or a P-Card. Field POs are allowable for purchases under \$3,000. POs are generated after requisitions are approved in SunGard (AS-400 or NaviLine) and are the preferred method when placing orders with approved vendors. A PO is a legal contract and gives the vendor authorization to ship the materials. POs are designed to expedite and control procurement processes and may be used to obtain items unavailable through City inventories. POs are not required for payroll liabilities, debt service payments, distributions to non-profit organizations, utility invoices, and P-Card payments.

F. All operational POs still open at the end of the fiscal year will be closed annually on a date designated by Finance. Purchasing will restrict access to PO entry as of August 31 each fiscal year to facilitate end of year closure.

G. Departments will generate contract/service agreements as required for all services provided by manufacturers, vendors and authorized service providers. (e.g., HVAC systems, copiers and elevators). Agreements are managed like contracts and details may vary depending on services to be performed. The City Manager retains authority to sign contracts/agreements after review by an Assistant City Manager and the City Attorney, Executive Director of Finance, Executive Director of Support Services, Purchasing Manager, and respective Department Head.

H. Vendors who enter into a contractual agreement with the City that may result in copyrights, trademarks, or exclusive rights in conjunction with a request for hire will first transfer and assign those copyrights, trademarks or exclusive rights to the City before beginning projects.

I. Contracts protect pricing for the period specified in the agreement and may be awarded to vendors for supplies, equipment, and services required by one or more City departments. Departments will create a requisition, and once a PO is issued, place the order with the supplier and submit supporting documents to Purchasing. If the supported department is not the initiating department then the latter will forward a copy of the contract to Purchasing when the requisition is approved at Department Head level in SunGard. Payments will be processed against POs as needed, paying invoices as they are received.

J. Departments that initiate lease agreements will first secure approval using the process outlined above for contract/service agreements. Departments will budget appropriately and maintain the property/equipment in accordance with the terms of the lease. At the end of a lease agreement, departments are responsible for returning the property, renewing the lease, or establishing a new lease agreement. The City Council retains approval authority for all leases for real property and all other leases that exceed \$50,000.

K. Petty cash reimbursements will not exceed \$25.00. Employees may make non-routine, below-minimum purchases with vendors and be reimbursed provided the required form and receipts are presented to Finance.

IV. Legal Requirements.

The following statutes impact the acquisition of goods and services:

A. Unless specifically exempted under TLGC § 252.022(a), any expenditure for more than \$50,000.00 will comply with the competitive processes described in Chapter 252 of the TLGC.

B. Where required by statute, purchases will be advertised in accordance with the competitive bid process and awarded by the City Council. (TLGC, § 252.021)

C. TLGC, § 252.041 states, “If the competitive sealed bidding requirement applies to the contract, notice of the time and place at which the bids will be publicly opened and read aloud must be published at least once a week for two consecutive weeks in a newspaper published in the municipality. The date of the first publication must be before the 14th day before the date set to publicly open the bids and read them aloud. If no newspaper is published in the municipality, the notice must be posted at the City Hall for 14 days before the date set to publicly open the bids and read them aloud.”

D. Per TLGC § 252.0215, when making a procurement over \$3,000.00, and to the amount which, under state law triggers the competitive procurement process, the City will contact at least two Historically Under-utilized Businesses (HUB) on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161, Government Code. The list is available at www.window.state.tx.us/procurement//cdbl/hubonly.html. If unable to identify a HUB in Bell County, the City is exempt from this requirement. (See Appendix D).

E. "Component", "separate", or "sequential" purchases to avoid the competitive bid process are prohibited. (TLGC, § 252.062) "Component purchases" are purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase. (TLGC, § 252.001(2)) "Separate purchases" means purchases, made separately, of items that in normal purchasing practices would be purchased in one purchase. (TLGC, § 252.001(6)) "Sequential purchases" are purchases, made over a period of time, of items that in normal purchasing practices would be purchased in one purchase. (TLGC, § 252.001(7))

F. High technology services purchases may use the competitive sealed proposal procedure per TLGC § 252.021(b). This process provides a method to evaluate the procurement of equipment, goods, and services of a highly technical nature including data processing equipment, software and firmware used in conjunction with data processing equipment, telecommunications equipment and radio and microwave systems, electronic distributed control systems, including building energy management systems and technical services related to those items.

G. TLGC § 171.002, TLGC § 171.004, and City of Killeen charter prohibit the personal interest by a council member or City employee, either direct or indirect, in a company doing business with the City. If a local public official, or a close relative, has a substantial interest in a business entity or in real property, the official will file, before a vote or decision on any matter involving the business entity or the real property, an affidavit stating the nature and extent of the interest and shall abstain from further participation if in the case of a substantial interest in a business entity the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or in the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

H. Department/Division Heads will ensure, whenever federal funds are to be spent, that there is someone capable of accessing SAM.gov (System Awards Management). Each user has to register and it will display any vendor who has been barred from the federal procurement processes. Department/Division Heads will also check the state barred list.

I. Any procurement that involves Federal funds and awards will follow policy and procedures outlined in 2 CFR 200.317-326, Procurement Standards.

V. Purchasing Thresholds.

The following apply when purchasing and/or leasing goods, services or equipment for the City.

A. Purchases of \$3,000.00 or less: A request for payment for supplies and/or services via a P-Card may be issued by departments or Purchasing, or the department may use petty cash if less than \$25.00. Purchase orders under \$3,000 will be processed as a Field Purchase Order for items not purchased with a P-Card. Quotes are recommended, not required. Departments may place orders directly with vendors by telephone, fax, mail, or email.

B. Purchases over \$3,000.00 and up to \$49,999 will be processed as a Purchase Order. Field Purchase Orders will not be used for Purchases over \$3,000. Department will contact at least two (2) HUBs, on a rotating basis, based on information provided by the

comptroller (TLGC § 252.0215). Departments will identify the HUB in the comments section of the requisition. If a HUB is not available in Bell County then departments will state as such in the comments section. Three quotes are required, even if there are no HUBs available, for purchases up to the amount which, under State law, triggers the competitive procurement process. Departments will include quotes on the requisitions and also retain them for audit purposes for one year.

C. All contracts or purchases requiring expenditures from one or more municipal funds in an amount exceeding the dollar amount which, per TLGC § 252.021, or any successor statute thereto, triggers the competitive procurement process, will be let in compliance with the procedures prescribed by TLGC 252.

D. General exemptions from the bid/proposal process are specified in the *TLGC § 252.022* and further explained in this manual. Exemptions include procurements made because of a public calamity, to preserve public health or safety of residents, unforeseen damage to public machinery, equipment or other property, and professional services. Exemptions also include items that are only available from one source including:

- ✓ Items available from only one source because of patent, copyrights, secret processes or natural monopolies
- ✓ Films, manuscripts and books
- ✓ Gas, water, and other utility services
- ✓ Replacement parts or components for equipment
- ✓ Books, papers and other library materials for public libraries that are available only from the persons holding exclusive distribution rights to the materials
- ✓ Management services provided by a nonprofit organization to a municipal museum, park, zoo, or other facility to which the organization has provided significant financial or other benefits.

See Appendix F for a list of exemption from the requirement to acquire three quotes.

VI. Competitive Procurement Process

A. Determining the Procurement Method.

Purchase of \$50,000 or more, by State law, triggers the competitive procurement process. It is important to determine the procurement method as it will be a major factor in the planning process. For example, the procurement lead time for an Invitation to Bid and a Request for Proposal differ significantly.

- Invitation to Bid (ITB) - The ITB uses the competitive sealed bid method. This method is used when the requirements are clearly defined, negotiations are not necessary and price is the major determining factor for selection. Best value considerations can also be used with the ITB method.
- Request for Proposal (RFP). Used when competitive sealed bidding is not practicable or advantageous. Generally this is when factors other than price are to be considered or when objective criteria cannot be defined. One of the key differences between an ITB

and an RFP is that negotiations are allowed in an RFP. Discussions are allowed with the respondents and best and final offers are solicited.

- Request for Qualifications (RFQ). Generally used for Professional Services wherein the respondents are evaluated based solely on their qualifications. Price is not considered until after selection is made by the agency based on qualifications. Professional Services are covered under Texas Government Code §2254 <http://www.capitol.state.tx.us/statutes/gv.toc.htm>.

The table below is provided to assist in making the appropriate choice in selection of a procurement method. As a reminder, Departments should first refer to any applicable statutory requirements which may direct them to use a specific procurement method.

Procurement Method	Use When	Advantages	Disadvantages
Competitive Bids (Invitations to Bids)	Lots of competition exists The product or service is available from more than one source	Award process is easier Award is made to the lowest responsive, responsible bidder providing the best value to the City	Defined specifications may be difficult to develop Does not encourage innovative solutions
Competitive Proposals (Request for Proposals, Request for Offer)	When factors other than price are evaluated When negotiations are desired Vendor is expected to provide innovative ideas	Allows factors other than price to be considered Allows for customized proposals suggesting different approaches to the same business need Allows for negotiations in order to obtain the best value for the City	Lead times for procurement are much greater Evaluations are more complex and subjective
Request for Qualifications This method is usually required by statute (e.g. Professional Services)	Selection is made solely on the skills and qualifications of the contractor Price is not a factor until after a vendor is selected	Emphasizes the competency of the proposed contractors	Contractor is selected before price is negotiated

B. Approval: The City Council awards all competitively sealed bids, qualifications and proposals. See Sections 76 and 77, City of Killeen Charter. (Appendix E)

C. Specifications: Departments will address performance oriented requirements to be met by the equipment, goods or services. Specifications should not inhibit the open market. Departments will construct bid packets in coordination with Purchasing and Fleet Services, if involving

vehicles or heavy equipment. Departments may retain consulting firms to provide expertise and/or assistance. Purchasing will approve specifications in order to ensure quality control and avoid the proliferation of conflicting specifications. For construction projects, consulting engineers and architects will normally prepare plans and specifications. Departments will route completed plans, specifications, and construction estimates to Purchasing and the City Attorney's office for review prior to bid letting.

D. Advertising: Purchasing will route the Permission to Advertise for the approval of the City Manager. For Invitation to Bid (ITB), Request for Proposal (RFP) and Request for Qualification (RFQ), notices will be advertised for two (2) consecutive weeks, with the first date of publication being at least fourteen (14) days prior to the opening of the bids and proposals, per TLGC § 252.041.

E. Pre-Bid Conference: Departments and/or a consulting engineer/architect may coordinate an optional pre-bid/proposal conference with Purchasing prior to the due date of ITBs or RFPs. This is typically done a minimum of one (1) week prior to documents being due to allow prospective vendors the opportunity to voice concerns in relation to the specifications. Purchasing will accept and manage all questions submitted via e-mail as addressed in the bid packets. There are no exceptions.

F. Processing: Purchasing will receive all bids. Department representatives will conduct or at least attend the sealed bid public opening. Departments are also responsible for the proper tabulating of all bid results. Purchasing will oversee the opening of bid packets in the council chambers at City Hall or other designated location.

Purchasing will provide RFPs/RFQs to applicable departments for evaluation and selection once the submission deadline has passed. Sealed proposals will be opened in a public setting; however the contents of the proposals are not disclosed until after the award of the proposal.

If vendors or others request in writing that the contents of proposals be made public prior to award, then the request will be treated as a Request for Public Information and forwarded to the City Attorney for processing.

G. Evaluation: The responsible department will tabulate and evaluate all bids and prepare a recommendation for City Council consideration. State law mandates bids be awarded to the lowest responsible bidder for most public works projects (see TLGC, § 252.043(d) (1)) or, for other types of projects, to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the municipality, based on, but not limited to, one or more of the following factors:

- Purchase price
- Reputation of the bidder and of the bidder's goods or services
- The quality of the bidder's goods or services
- The extent to which the goods or services meet the municipality's needs

- The bidder’s past relationship with the municipality
- The impact on the ability of the municipality to comply with laws and rules relating to contracting with historically underutilized businesses and nonprofit organizations employing persons with disabilities
- The total long-term cost to the municipality to acquire the bidder’s goods or services
- Any relevant criteria specifically listed in the request for bids or proposals such as total bid price, unit price, terms and discounts, delivery date, conformity to specifications, product warranty, vendor’s past performance, past experience with product/service, est. costs of supplies, maintenance, etc., est. surplus value, life expectancy, results of testing samples, training requirements, location, etc., special needs and requirements of the City, City’s evaluation of the bidder’s ability, financial strengths, and ethical standards, and/or the location of maintenance facility/service person; ability to provide for minimum down time.

H. Local Preference: TLGC § 271.9051 defines local preference as the consideration of a bidder’s principal place of business for municipalities having a population of less than 250,000. “In purchasing under this title any real property, personal property that is not affixed to real property, or services, if a municipality receives one or more competitive sealed bids from a bidder whose principal place of business is in the municipality and whose bid is within five (5) percent of the lowest bid price received by the municipality from a bidder who is not a resident of the municipality, the municipality may enter into a contract for construction services in an amount of less than \$100,000 or a contract for other purchases in an amount of less than \$500,000 per 271.9051(b) with: (1) the lowest bidder; or (2) the bidder whose principal place of business is in the municipality if the governing body of the municipality determines, in writing, that the local bidder offers the municipality the best combination of contract price and additional economic development opportunities for the municipality created by the contract award, including the employment of residents of the municipality and increased tax revenues to the municipality.” This section of TLGC does not apply to the purchase of telecommunications services or information services.

I. Contract Preparation: Departments are responsible for preparing and submitting contracts to Purchasing. Contracts will route through an Assistant City Manager, the City Attorney, the Executive Director of Finance, the Executive Director of Support Services, and the Purchasing Manager for review to the City Manager for signature, and then to the City Council for approval. After City Council approval, Departments will then request that Purchasing generate a PO.

Purchasing will execute the PO after the required signatures are affixed and forward all documents to the respective department.

J. Follow-up: Based on the promised delivery date, departments will conduct follow-up actions to ensure the product or service is delivered in a timely manner and according to specification. Any contact by vendors concerning delivery after bid award will be referred to the department.

K. Contract Close-out: After receipt of the product or completion of service, department

processors will close out the contract by processing the final Receiving Report. Department Heads will sign the original copy of the PO and confirm that the project or service is complete. Processors will then forward all documents (PO, Receiving Report and final invoice) to Finance for payment. Funds encumbered and not liquidated will be returned to the account.

L. Protests: Departments will contact Purchasing if made aware of, or contacted by a vendor about, a protest relating to the advertising of bid notices, deadlines, bid opening or other related procedure. This includes protests relating to alleged improprieties or ambiguities in the specifications. Departments will also instruct the vendor to contact Purchasing. Purchasing will then determine the facts, and failing to satisfy the vendor, will instruct the vendor to prepare a written protest containing the following information:

- ✓ Name and address of the protester and/or vendor they represent, if different;
- ✓ Bid number and item; and
- ✓ Details on the grounds for protest and any supporting documentation.

Protests must be submitted within five (5) working days of bid opening. Purchasing will prepare a response to the protest in consultation with the department within ten (10) working days of receipt of the protest.

M. Withdrawal: Bids may not be withdrawn after bid closing without acceptable reason given in writing and with the approval of the Purchasing Manager. The vendor must be able to show:

- ✓ Calculable damage of a significant nature will result if they are required to abide by the bid; and/or
- ✓ A paperwork error in preparing the bid; and/or
- ✓ An obvious error when comparing the bid to other bids or the real value of the item.

N. Change Orders: Change Orders are required when changes in plans or specifications are required after the performance of the contract has begun or if it is necessary to decrease or increase the quantity of materials or work to be performed or equipment/supplies to be furnished. The City Council will approve Change Orders for contracts, if increasing or decreasing by more than \$50,000.00. See 252.048 and the City of Killeen Charter, Section 77.

Per TLGC § 252.048, Change Orders may never increase the contract price by more than 25% or decrease the contract price by more than 25% without the consent of the contractor. Contracts for professional services are exempt from this cap. See 252.048(d).

The City Manager will approve use of construction contingencies via the Change Order process.

O. Exemptions: Exemptions from the competitive bid/proposal process are referenced in TLGC § 252.022. Programs are defined below:

- ✓ Sole/Single Source Purchases: A local government may use Sole Source purchasing programs in order to satisfy the state law requiring competitive bids for the purchase of goods and services. Sole Source procurements are exceptions to normal purchasing procedures and are permitted only when the required item or service(s) is available from a single supplier. The City Manager is the approver of all sole/single source requests. A

requirement for a particular proprietary item does not justify sole/single source procurement if there is more than one potential vendor for that item. Sole/Single Source applies where it can be substantiated that a requirement involves a commodity or service provided by only one vendor or contractor which has exclusive rights (patent or copyrights, proprietary interest or secret processes) to the manufacturing of the product or service. Sole Source justification request must withstand the questions of (1) whether the commodity or service is the only of its kind which can fully satisfy the requirement, and (2) the commodity is available from one, and only one, source. In this context, “sole” means “the only one.” See Appendix G.

- ✓ Co-operative (Co-op): The City is a member of several co-op programs such as the State of Texas Co-Op CMBL, Central Texas Purchasing Co-op, Houston-Galveston Area Council (HGAC-Buy), The Co-op Purchasing Network (TCPN), Tarrant County Purchasing Co-op, Texas Association of School Boards (TASB) - BuyBoard, National Joint Powers Alliance (NJPA), The Interlocal Purchasing System (TIPS/TAPS) and Region 1 Education Service Center (ESC) (See Appendix I). TLGC § 271.102(c) establishes that purchases (including technology) under an interlocal contract for co-op purchasing administered by a commission established such as this, satisfies the City’s legal requirement to competitively bid the purchase. City Council approval is required to make expenditures for which the amount, under State law, triggers the competitive procurement process.

P. Interlocal Agreements: The City Council is authorized per TGC 791 to approve purchases from other governmental entities through interlocal agreements.

VII. Professional Services.

A. Professional Services: Texas Government Code 2254 and Attorney General Opinion JM-940 list professional services, how they may be hired, and which are exempt from bidding. These services are predominately mental or intellectual, rather than physical or manual.

TLGC § 252.022 exempts selected professional services from competitive bid requirements because the public is best served by requiring professionals to be judged by the responsiveness of services and the excellence, quality and effectiveness of past services and that selection based on price-only is not in the best interest of the public. The City may therefore enter into written agreements with service providers for each professional service contract. Compensation will be negotiated before the agreement is signed and after the service provider has been selected on the basis of his or her qualifications. Contracts over \$50,000 will be submitted to the City Council for approval.

B. RFQ: An RFQ is recommended for large scale public works projects or when a selection is based solely on skills and qualifications (such as professional services). If departments submit an RFQ, then it will include a list of desired services and/or specifications, a deadline for receipt of the RFQ, and an interview schedule.

C. Interviews: Departments may schedule interviews with the highest ranking firms after receiving and reviewing RFQs. Departments may ask each to make an experienced-based presentation and inquire as to capabilities and methods for furnishing the required services.

Compensation will not be discussed in these interviews. Questions will focus on the information requested in the RFQ and the criteria that the selection committee established for rating the various proposals. Departments will also notify firms not selected for an interview.

D. Negotiations: Departments will notify the first choice candidate and draft the contract. It will include compensation, time required and the scope of work to be performed. If a satisfactory agreement cannot be reached then negotiations will be terminated in writing and opened with the second choice candidate. If an agreement cannot be reached then the third choice candidate will be contacted and so on until an agreement is reached.

E. Contract Execution: For contracts and agreements less than the amount which, under state law, triggers the competitive procurement process, departments will submit the draft contract through channels to the City Manager. For contracts exceeding the amount which, under State law, triggers competitive bidding, the departments will obtain City Council approval.

Upon contract execution, the department will send a copy of the executed contract to Purchasing to be filed and contact the firm through a Notice to Proceed, giving them permission to initiate the contract. As referenced above, a requisition, followed by a PO, will be issued to encumber funds for the contract.

VIII. Emergency Purchases.

A. Time-critical and emergency situations will occasionally arise that require departments to make purchases outside the normal purchasing policies without obtaining three quotes or going through the competitive bid process. An emergency is an event that is assessed by the City Manager, Assistant City Manager and/or Department Head to pose an immediate threat/risk to human health/life, City equipment/property and/or the environment; has already caused human injury or loss of life, damage to City equipment/property and/or the environment; possesses a high probability of escalating to cause immediate danger to human health/life, damage to City equipment/property and/or the environment; and requires urgent intervention to prevent a worsening of the situation. The trigger for designating an emergency situation is a distinct event, regardless of how long or how much it costs to remedy the event. In these cases, departments will contact Purchasing as soon as possible. If this is not possible, departments will contact Purchasing on the next business day.

B. Departments may make emergency procurements without three quotes in excess of \$3,000.00 and less than \$50,000.00 if an event is assessed as an emergency and purchases are approved by the Department Head. Purchasing will review the circumstances for expenditures of \$50,000.00 or less and, if approved, will issue a PO or allow for P-Card use. The department will then prepare documentation explaining the purchase and forward it through Purchasing to Finance the next business day. Incremental expenditures during an emergency situation that together exceed \$50,000 require the staff to submit the total expense to the City Council for ratification as soon as possible.

C. The City Charter requires all purchases in excess of \$50,000 to be first approved by City Council. There are no exceptions to this rule, even for emergency purchases. However, as a matter of practical necessity, it is sometimes necessary to make a purchase prior to City Council's approval because of a true emergency. The City Manager, or designated Assistant City Manager,

will authorize, in writing, and prior to the emergency purchase, expenditures that exceed \$50,000.00. Purchasing will wait to receive said authorization, and then proceed to issue a PO upon receipt of the requisition. The department is solely responsible for preparing documentation explaining the need for the purchase and forwarding such documentation to the Purchasing office the next working day. The staff will submit the total expense to the City Council for ratification as soon as possible.

D. In addition to the requirements in paragraph C. above, emergency purchases exceeding \$50,000.00 will also meet one of the following qualifications for exemption from competitive bidding practices contained in TLGC § 252.022. Purchases meeting one or more of these criteria may be made after normal working hours or on holidays or weekends, by issuing a PO the next business day.

- ✓ The purchase is required to address a public calamity so severe that the prompt purchase of specified items and/or services is required to provide for the needs of the public or to preserve the property of the City.
- ✓ The purchase is necessary to preserve or protect the public health or safety of the residents of the City.
- ✓ The purchase is made necessary by unforeseen damage to public machinery, equipment or other property. If no exemption is satisfied then the items or services will be competitively bid.

E. Procedure for Making Emergency Purchases.

Departments making emergency purchases must adhere to the following procedures:

1. For emergency purchases over \$3,000 and under \$50,000.
 - a. The department obtains assessment that an event is an emergency from City Manager, Assistant City Manager, or Department Head.
 - b. The department will coordinate with Purchasing to issue a PO or allow for P-Card use. If Purchasing is not available (after work hours) or cannot be reached, then the department can make the emergency purchase without a PO and follow up with Purchasing the next business day.
 - c. The department prepares a justification memo documenting the nature of the emergency (for example hazard to life, welfare, safety or property) and what caused the emergency. The justification letter must detail the estimated impact or damage (financial or otherwise) that may result from following standard procurement procedures. The department will then forward documentation to Purchasing the next business day.
2. For emergency purchases \$50,000 and above.
 - a. The department obtains assessment that an event is an emergency from City Manager, Assistant City Manager, or Department Head.

- b. The department obtains authorization, in writing, from City Manager, or designated Assistant City Manager prior to the emergency purchase.
 - c. The department will provide Purchasing with the authorization and Purchasing will issue a PO. If Purchasing is not available (after work hours) or cannot be reached, then departments can make the emergency purchase without a PO and follow up with Purchasing the next business day.
 - d. The department prepares a justification memo documenting the nature of the emergency (for example hazard to life, welfare, safety or property) and what caused the emergency. The justification letter must detail the estimated impact or damage (financial or otherwise) that may result from following standard procurement procedures. The department will then forward documentation to Purchasing the next business day. Departments will obtain City Council ratification as soon as possible.
3. Purchasing will forward a copy of the justification memo and City Manager authorization to Finance and file the memo for audit purposes.

IX. Accountability of Fixed Assets.

State law requires the accountability of all assets purchased with City funds. Departments will not purchase fixed assets (major capital assets) unless approved by the City Manager and included in the current budget either through a budget transfer or budget amendment.

A. Fixed assets are defined as real or personal property that has a value equal to or greater than the capitalization threshold for the particular asset classification and have an estimated life of greater than one year. Departmental accountability documents (hand receipts) may be issued to the lowest level desired by the Department Head. This ensures lowest level responsibility for City property is constantly maintained.

B. Asset Categories.

Small Equipment: Items valued between \$250 and \$4,999.99 that are ready when purchased to be used for their intended purpose. (e.g., cameras, coffee makers, cell phones). Departments will ensure that they are using accounts from 46-xx series.

Capital Improvement Projects (CIP): Buildings and facilities valued at \$5,000 or more. Departments will use account numbers 60-xx for CIP and associated equipment acquisition and budgeting. These assets are considered major purchases and generally have a life cycle of 10 years or more.

Major Capital Equipment: Items valued at \$5,000 or more that are ready at the time of purchase to be used for their intended purpose (e.g., automobiles and tractors). These items and their components will be recorded with Purchasing for accountability purposes. Departments will ensure that they are using accounts from 61-xx series.

C. Purchasing will monitor and track all asset purchases. Asset sheets will accompany the purchase order, receiving report and invoice for these items. Departments will use the Asset

Deletion form when removing items from the asset management system and the Asset Transfer form when moving an item internally within the City. The City Manager is the final authority on all transfers out of the City, or within different departments.

X. Disposal of Equipment.

A. Departments will coordinate with Purchasing to dispose of property that is deemed to no longer be useful, has exceeded the industry standard life cycle, has been confiscated or abandoned, or is designated as unclaimed property by the Killeen Police Department (KPD) in accordance with City Ordinance, Chapter 2, Article III, Division 2, Section 2-87 through 2-91, and the Texas Code of Criminal Procedure § 18.17.

B. KPD will use the following process to dispose of property (except weapons) that has been determined to be abandoned or confiscated and no longer needed in the prosecution of an active judicial case.

- ✓ If the owner is unknown, KPD will hold the property for 30 days (per TCCP 18.17(a)) or if valued at \$500 or more, for 90-days after publication (per TCCP 18.17(c)).
- ✓ If the owner is known, KPD will send a certified letter to the last known address giving the owner 90 days to retrieve the property (per TCCP 18.17 (b)). If the owner acknowledges then KPD will return the item. If the owner does not acknowledge then KPD will dispose of the item per City of Killeen Ordinance, Chapter 2, Article III, Division 2: Disposition of Obsolete and Surplus Personal Property.

C. KPD will dispose of weapons and contraband in accordance with state law when retention of these items is deemed by judicial authority to no longer be required.

D. Departments will coordinate with Purchasing to dispose of surplus City property in accordance with City of Killeen Charter, Section 75 and Ordinance, Chapter 2, Article III, Division 2: Disposition of Obsolete and Surplus Personal Property.

E. Departments may dispose of property by trade-in if the replacement is secured through the budgeted purchase of a similar item. Departments are responsible for securing approval and for adhering to policies for acquiring and disposing of property.

F. The State of Texas prohibits municipalities from giving away items of value. Property or assets purchased by, or donated to, the City will be disposed of per this section when no longer required regardless of whether or not the items have residual value.

G. The City is a member of several on-line auction sites that facilitate the timely removal of surplus equipment through auction disposal methods. Departments will contact Purchasing to coordinate the site that best supports their need and meets the threshold for disposition if the item is scrap metal. Purchasing will also conduct an annual live auction to assist in the disposal of surplus and or unserviceable/excess items locally.

H. Disposition of Property procured through a Federal Award (CFR 200.313). When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding

agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the City must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

1. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
2. Except as provided in §200.312 Federally-owned and exempt property or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
3. The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
4. In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.
[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

When real property is no longer needed for the originally authorized purpose, the City must obtain disposition instructions from the Federal awarding agency or pass-through entity. See 2 CFR 200.311.

- I. All Capital Asset disposals must be reported to Finance for accounting and reporting purposes.

XI. Procurement Ethics.

The following behaviors are expected of City employees when conducting procurement activities.

- A. Avoid the appearance of unethical or compromising practices in relationships, actions, and communications.
- B. Refrain from activities that could create a conflict between personal interests and City business interests.
- C. Refrain from soliciting or accepting money, loans, credits, preferential discounts, gifts, entertainment, favors, or services from present or potential suppliers that might influence, or appear to influence, procurement decisions. (Refer to CoK Handbook).
- D. Refrain from agreements that restrain competition.

E. Adhere to both the spirit and letter of the procurement policies and laws governing the procurement process and remain alert to the legal ramifications of purchasing decisions.

F. Encourage participation by the entire community by demonstrating support for small, minority, and woman-owned firms.

XII. References.

A. TLGC 252, 253 & 271

B. TGC 2155, 2161, 2254 & 2259

C. City Ordinance, Chapter 2, Article III, Division 2

D. City Charter, Article VII, Finance Administration

E. Appendix E

F. Glossary

G. 2 CFR 200.317-326

H. 2 CFR 200.310-216

Appendix A- “Buy Killeen” Initiative

The City of Killeen strives to support the local businesses with a “Buy Killeen” strategy that is in compliance with all State competitive laws / requirements. Purchasing will assist the City staff and City Council in procuring the best value, locally (when possible) with standard procedures and formats according to policy and law.

City staff can support this initiative as follows and when possible:

- ✓ Use a P-Card to procure items from local businesses.
- ✓ Include local vendors on mailing lists to receive bid packets.
- ✓ Consider local vendors to provide the required supply or service.
- ✓ Encourage local vendors to be involved by checking the website and newspaper for supplier opportunities.

It is important to award City business to local vendors whenever possible.

- ✓ Funds spent locally help improve job opportunities for local residents. Local procurement also provides economic stability.
- ✓ City of Killeen revenues generated from local procurement provide opportunities for new programs.

TLGC 271.9051 (Consideration of Location of Bidder’s principal Place of Business in certain Municipalities) applies to municipalities with a population under 250,000 that are authorized to purchase real or personal property not affixed to real property. If a municipality receives one or more competitive sealed bids from a bidder who’s place of business is in the municipality and whose bid is within five (5) percent of the lowest bid received, the municipality may enter into a contract for services with said vendor, if all other requirements are met. All vendors interested in competing for the business of supporting the mission of the City of Killeen, should register with Co-op purchasing sites and win a bid to be later awarded a contract number. This helps set the conditions required for the business to compete for City business.

Appendix B -Procurement Card (P-Card) Program

The purpose of the P-Card program is to implement a more efficient, cost effective method of conducting low dollar, high-volume transactions and repetitive purchases. The program is designed as an alternative to the traditional purchasing process for supplies and services and has the potential to significantly reduce the volume of purchase orders, invoices and checks. P-Cards will normally be accepted by vendors who accept MasterCard.

A. Scope and Applicability. Disciplined use of P-Cards results in substantial savings to the City through decreased paperwork generated after making small dollar purchases. Typically, 80% of City purchases are for \$1,000.00 or less and account for less than 20% of the funds spent for the purchase of goods and services. P-Cards are designed to delegate to user level the capability to purchase small dollar items.

B. Benefits. Benefits include: users are able to obtain goods and services faster and easier; reduced paperwork and processing time; and Purchasing, Finance, and departments are able to complete certification and approval more efficiently.

C. Administration. The P-Card program is monitored by a Procurement Card Administrator.

D. Controls.

1. External Controls

a. Single Transaction Limits

- Each card has a “Single Transaction Limit”.
- The limit is the lesser of \$3,000.00 or the cardholders monthly “Cycle Limit”, as requested on the P-Card application.

b. Cycle Limits

- Each card has a monthly “Cycle Limit”.
- Each monthly cycle begins on the fourth day of each month and ends on the third day of the following month. This means that your monthly “Cycle Limit” (dollars available) will reset on the 4th of each month.

If a user attempts to exceed either of these limits, the transaction will be declined when the merchant attempts to process it.

c. Temporary Increase to Limits

- Purchasing may increase Single Transaction and Cycle Limits for special cases and for limited time frames. The Purchasing Manager must approve all purchases over \$3,000. For emergencies see VIII. Emergency Purchases.
- Cardholder will obtain Department Head approval using the Procurement Card Request Form with temporary limit amount and dates.
- Cardholder will turn in form to Purchasing and Purchasing will then make the temporary adjustment to the limits.

d. Merchant Category Codes (MCC)

- MCC codes are assigned by the credit card company (e.g. Visa, MasterCard) and used to identify business types. MCC codes are useful because they can either restrict or grant access to a cardholder.
- Some MCCs are blocked because the merchants do not normally conduct business with the City. (e.g., liquor stores, bars and lounges, and tobacco stores).

2. Internal Controls

a. AS-400/SunGard

- Annual budgeted amounts and funds availability are reflected by department in the “Account Balance Inquiry” screen in SunGard.
- P-Card transactions are reflected as “Pending Transactions” until the actual day the check is cut from Accounting. In AS-400, to access “Pending Transactions” in “Account Balance Inquiry”, type Shift F4.
- Upon batching “approved” P-Card transactions, SunGard generates a notice of all transactions exceeding budget.

b. Citibank has delegated certain controls to Purchasing including the ability to:

- Place a procurement card in a “Hold” status.
- Raise or lower a “Cycle Limit”.
- Establish “Temporary” cycle limits.
- Open or close MCC Codes (real-time).

E. Eligibility & Guidelines. Department Heads may authorize employees to receive a P-Card based on the employees function within the department. This does not apply to temporary employees unless approved by the Assistant City Manager for Internal Services or designated representative.

Departments will limit the number of P-Cards to the minimum required to effectively accomplish the department’s mission and use the following criteria to determine employees to receive a P-Card:

- ✓ Will the employee’s use of a P-Card enhance productivity?
- ✓ Will the employee regularly use the P-Card to purchase goods and services?

a. Newly promoted or transferred employees are qualified based on their

original hire date. Departments will ensure that the hiring, promotion, and transfer dates are correctly annotated on the P-Card Request form.

b. Designated cardholders will:

- Make “approved” purchases for their department.
- Maintain accurate transaction records and provide receipts.
- Submit purchase transaction records and receipts to assigned department/division processors within seven days of purchase date or delivery date.

F. Obtaining a P-Card.

1. Departments will submit a “Procurement Card Request” form to Purchasing for each “New Card” or “Transfer of Card” desired. The form is located at CoK public\Purchasing\Forms\ P-Card\ P-Card Request Form.
2. Purchasing will annotate receipt of all P-Card requests, route for additional approvals as required and submit approved requests to Citibank.
3. Purchasing receives new cards approximately ten (10) working days after an application is submitted to Citibank. The cardholder and the processor will be notified when the new P-Card arrives and cardholders will then arrange to pick up their card from Purchasing.
4. Cardholders will receive an overview of the P-Card program from Purchasing prior to receiving the P-Card. Each P-Card has a unique account number and is embossed with the employee’s name and account number. Cardholders will sign a “City of Killeen P-Card Agreement” to confirm they understand the program and agree to comply with P-Card policies.

G. Making a Purchase.

1. Cardholders will call or visit the most competitive vendor available within reasonable travel distance and obtain the best possible price. The City is exempt from sales tax and many vendors offer government discounts.

City of Killeen’s Sales Tax Exemption ID
1-74-60015047 (Also located on the P-Card)

2. Cardholders will check to ensure the vendor has an “Active” status in AS-400 (denotes that a current W-9 is on file). If a vendor is not listed or their status is “Inactive” then cardholders will secure a completed W-9 form from the merchant and submit it to their department processor for entry into the system before make a purchase.
3. Cardholders will either present the vendor with a P-Card or make an order by phone or Internet. Cardholders will confirm pricing and tax-exempt status; provide their card number, address and department to the vendor; and ensure the supplier adds this information to the shipping label as required.
 - a. If ordering by phone or the Internet, request the vendor enclose a copy of the sales ticket listing price per item and applicable charges. Many websites give customers the option of printing an order confirmation at the end of the purchase. If provided, cardholders will select this option.
 - b. If the item is shipped, have the supplier select **FOB Destination** as this designates the seller pays shipping costs and remains responsible for the goods until the buyer takes possession. Unless shipped to the physical location of the ordering department, items will be shipped to the City’s billing address, 101 N. College Street, Killeen, Texas, 76541.
4. If the purchase is declined at a location during normal business hours, contact the P-Card Administrator. If no one is available, cardholders may contact Citibank Customer Service. Both phone numbers are located on the back of the P-Card.

5. Cardholders will obtain itemized receipts for each purchase. A credit card slip, generated by a credit card machine, is insufficient as the only form of receipt for P-Card purchases. If no other form of receipt is provided, either write purchase details on the receipt or on an attached 8-1/2 x 11 piece of paper.

6. Cardholders will refuse complimentary “free” gifts offered based on P-Card purchases unless they meet criteria in CoK Handbook.

H. Cardholder Duties & Responsibilities.

1. Cardholders will only use P-Cards for authorized City purchases. P-Cards will not be used to purchase personal items (e.g., employee meals, Kleenex for desk use, hand or body lotion, candy, and air fresheners). P-Card cannot be used for personal purchases and then reimbursed. State law does not allow the use of government property or the services of government employees by a public official for his or her private use even if the public entity is fully reimbursed for the value of the property or the services after the fact. (“2012 Texas Ethics, Gifts & Honorarium Laws Made Easy”, Attorney General Texas, Greg Abbott, Misuse of Government Property Statutes). Cardholders will coordinate reimbursement immediately for any “accidental” use of P-Cards. Repeated instances will result in disciplinary action up to and including loss of employment.

2. Cardholders are prohibited from using “component”, “separate”, or “sequential” purchases to avoid the competitive bid process. (TLGC 252.062).

a. “Component purchases” means purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase (TLGC 252.001 (2))

b. “Separate purchases” means purchases made separately of items that in normal purchasing practices would be purchased in one purchase (TLGC 252.001(6))

c. “Sequential purchases” means purchases made over a period of items that in normal purchasing practices would be purchased in one purchase (TLGC 252.001(7))

3. Cardholders will not split purchases into two or more smaller purchases, or combine purchases with other P-Cards, to circumvent purchasing limits or policy.

4. Cardholders will contact the following departments and receive written approval (email or memo) prior to purchasing listed goods or services. A copy of this approval will accompany the invoice/receipt when submitted for processing:

Purchasing	for	Flags
Fleet Services	for	Vehicle repairs, parts, and maintenance services
Printing Services	for	Replication services, paper, and supplies
Information Technology	for	Mobile devices, software, computer hardware, and related devices such as mice, keyboards, external storage, monitors, printers, and similar equipment

5. Cardholders will purchase office supplies only from vendors through the TASB-BuyBoard and TCPN. If the supplier cannot provide an item, cardholders may use other local stores. Receipts will include the rationale for this exception.

6. Cardholders will handle P-Cards with the same level of care and security as personal credit cards. It is their responsibility to store P-Cards in an accessible but secure location, guard the account numbers and not make them easily accessible to others.

7. Sharing P-Cards is prohibited. The only person entitled to use the P-Card is the person whose name appears on the face of the card.

I. Processing Returns & Disputes.

1. Returns: A refund is to be made to the P-Card used to make the initial purchase.

2. Disputes: Only disputes filed within 60 days from the billing cycle date of a transaction will be accepted for consideration by Citibank.

a. If after the weekly download of transactions from Citibank the cardholder determines that a charge is disputable, he/she will immediately investigate the charges and determine if abuse has occurred or if charges are valid. The cardholder will attempt to resolve the dispute (or return) with the vendor.

b. If a dispute is warranted, cardholder will notify Purchasing immediately. A "Dispute Form" will be provided for cardholder to complete and return to Purchasing. Citibank will normally credit the cardholder's account for all applicable charges while the dispute is being investigated.

c. Citibank will notify the cardholder when the matter has been resolved. For disputes not settled in the cardholder's favor, the account will be charged for the disputed transaction amount. If Citibank determines the transaction is either fraudulent or disputable, the cardholder will notify Purchasing and proceed as follows.

d. Fraudulent use.

-Cardholders (due to privacy requirements) will contact Citibank's Fraud Department at 800-945-3114 and initiate an investigation.

-Citibank will close the account and e-mail an affidavit to the cardholder. Note the password as it will be necessary to complete the form. Complete the form, make a copy and submit it to Purchasing via e-mail with an attached copy of the affidavit.

-Closed accounts cannot be reopened. Cardholders will cut the card in two and return it to Purchasing.

-If approved, Citibank will open a new account and mail a replacement P-Card to Purchasing.

J. Lost or Stolen Cards.

1. The city is financially liable for purchases if a P-Card is lost or stolen and then used by an unauthorized user. The City is not liable after the cardholders notify Citibank. When

cardholders report a loss, liability will be assessed at \$50 per card and be deducted from the department budget.

2. In the event a P-Card is lost or stolen, cardholders will immediately notify Citibank and then their Department Head and Purchasing. Citibank is available 24 hours a day, 7 days a week and will replace lost or stolen cards within fifteen (15) days after notification. The Customer Service Center (800-248-4553) is open 24 hours, 7 days a week. Cardholders will state that the call is regarding a lost or stolen P-Card and obtain the name of the customer service representative.

K. Acceptable Expenditures.

P-Cards may be used for approved travel and/or small dollar purchases that do not exceed the “single-transaction limit” or the cardholders established “cycle limit”.

1. Food purchases: Departments will submit a Food Purchase Form if they desire to purchase food for recurring events for which food has been budgeted. Purchases are only allowed to support City business or events approved in writing by a Department Head. Food Purchase Forms will be approved by a Department Head. Pot-luck is the default for employee office gatherings that involve a meal.

2. Business meal: Defined as conducting City business with a group of employees and/or external entities in situations when dispersing a group is impracticable (e.g., hiring panel, training/education seminar, conference or training, and public service missions). These expenditures require written Department Head approval annotated on the receipt.

L. Exceptions.

Purchasing will manage requests for non-emergency exceptions on a case-by case basis.

M. P-Card Management.

Each P-Card is electronically coded with the appropriate funding and supervisory information associated with the respective cardholder, therefore affecting which department/division pays for purchases and receives the respective reports.

1. Purchases made for other departments.

- a. When a request is received to purchase items for another department, the requesting department will be provided with a cost estimate and vendor to be used.
- b. The requesting department will at this time provide the purchaser with the appropriate account number to be charged for the items.
- c. Upon receipt of purchase, the purchaser will code the receipt with the account number provided by the requesting department, along with the name of the requesting individual. This account code will be used by the Purchasing Department to process the transaction, allocating costs as directed. If the P-Card processor is unable to use the account number provided due to possible security restrictions, please contact the P-Card Administrator.

2. Transfer Procedures: Use the P-Card Request Form to notify Purchasing prior to the effective date of a cardholder's internal transfer.
3. Resignation/Termination: Prior to a cardholder leaving the City, departments will secure P- Cards, cut them in half and return them to Human Resources or Purchasing. Purchasing will then close the account and monitor the monthly termination report to verify that all P-Cards are accounted for.
4. P-Card Cancellation: The Executive Director of Support Services may suspend an employee's P-Card after consulting with the appropriate executive director or Department Head. Cancellation requires the approval of the aligned Assistant City Manager or City Manager. The decision to cancel is permanent.
5. Inappropriate P-Card purchases are not the bank or vendor's responsibility. The vendor will be paid and the department's budget is charged, unless the merchandise is returned and a credit is issued to the P-Card.

N. Non-Compliance.

Failure to comply with P-Card policy or the P-Card User Agreement may result in one or more of the following consequences:

P-CARD VIOLATION	1ST OFFENSE	2ND OFFENSE	3RD OFFENSE
Perpetrate a fraud or theft. Card given to non-CoK employees to perpetrate fraud or theft	A	n/a	n/a
Card given to non-CoK employees to conduct standard CoK business	A	n/a	n/a
Component, Separate (Split Transactions) or Sequential Purchases (as defined in 8.2)	B	B	F
Failure of cardholder to turn in receipts within 30 days from transaction date	C	C	C
Excessive instances “in- Lieu-of- Receipt” form	D	C	C
Delays in processing (over 30 days from transaction date) due to W-9 information needed for vendor set- up	E	E	E
Purchases made for items that were not previously approved by I.T., Fleet Services or Print Services (as noted in card restrictions).	D	B	F
Multiple “accidental” Personal P- Card purchases	D	B	F

A: Card cancelled possible employment terminated, possible criminal charges

B: Exec Dir, SS may reduce transaction/cycle limits to \$0 for 30 days

C: Exec Dir, SS may reduce transaction/cycle limits to \$0 until receipts turned in

D: Purchasing notifies Cardholder of offense and records number of offenses

E: Exec Dir, SS may reduce transaction/cycle limits to \$0 until W-9 turned in

F: Card cancelled

* Acceptable P-Card Expenditures are outlined on page 30

** Purchasing will notify individuals and Department Heads when a transaction/cycle limit is reduce or when a card is cancelled.

P- CARD RESPONSIBILITIES

DEPT/DIV HEAD	PROCESSOR	CARDHOLDER
REVIEW P-CARD POLICY AND ABIDE BY DIRECTIVES	REVIEW P-CARD POLICY AND ABIDE BY DIRECTIVES	REVIEW P-CARD POLICY AND ABIDE BY DIRECTIVES
ENSURE - P-CARD PURCHASES ARE PROPERLY FUNDED PRIOR TO GIVING APPROVAL TO MAKE A PURCHASE	PROVIDE DIRECTION REGARDING THE POLICIES ASSOCIATED WITH THE P-CARD	MAKE ONLY PRIOR APPROVED PURCHASES REPORT LOST OR STOLEN P-CARDS IMMEDIATELY
CARDHOLDER SUPERVISOR ENSURE - CARDHOLDER CONFORMS TO P-CARD GUIDELINES & POLICY	VERIFY VENDORS ARE IN AN "ACTIVE" STATUS IN AS-400	VERIFY VENDOR IS SET UP IN AS-400 PRIOR TO USE SECURE A W-9 FROM MERCHANTS THAT HAVE NOT BEEN SET UP IN AS-400
WEEKLY "APPROVAL LISTS" REVIEW WEEKLY APPROVAL LISTS TO VERIFY VALIDITY AND ACCEPTABILITY OF P-CARD TRANSACTIONS WITH YOUR SIGNATURE/APPROVAL OBTAIN REQUIRED APPROVALS (I.E., "OUT OF STATE TRAVEL" ETC.) REVIEW " IN-LIEU-OF-RECEIPT " FORMS AND SIGN FOR ALL FORMS SUBMITTED	PREPARE WEEKLY "APPROVAL LIST". OBTAIN RECEIPTS FROM CARDHOLDERS WEEKLY FOR TIMELY PROCESSING AND MAINTAIN COPIES CHECK FOR SALES TAX AND NOTIFY CARDHOLDER IF REFUND IS DUE COK REQUEST MISSING RECEIPTS FROM CARDHOLDERS VERIFY CORRECT VENDOR # IS USED IN AS-400	SECURE A RECEIPT WITH DETAIL. OBTAIN DUPLICATE RECEIPT FROM VENDOR IF ORIGINAL RECEIPT IS LOST PREPARE AN "IN-LIEU-OF RECEIPT" FORM IF A RECEIPT CANNOT BE OBTAINED SUBMIT RECEIPTS WEEKLY DO NOT MAKE PURCHASES WITH SALES TAX (THE CITY IS EXEMPT FROM SALES TAX) IN THE EVENT THAT SALES TAX WAS CHARGED SECURE A REFUND BACK TO THE CARDHOLDERS P-CARD REPORT IMMEDIATELY ANY QUESTIONED OR DISPUTED CHARGES FOLLOW FRAUDULENT CHARGE PROCEDURE IMMEDIATELY UPON NOTICE
ADDRESS ANY CARDHOLDER ISSUES OF POLICY NON-COMPLIANCE OR FAILURE TO PROCESS TRANSACTIONS. ENFORCE DISCIPLINARY MEASURES AS APPROPRIATE	PROVIDE INFORMATION TO DEPT/DIV HEAD OF CARDHOLDERS THAT HAVE NOT COMPLIED	MAINTAIN ACCURATE, PERTINENT PURCHASE TRANSACTION INFORMATION ACCIDENTAL P-CARD USE FOR PERSONAL PURCHASES WILL BE REIMBURSED TO THE CITY IMMEDIATELY

P- CARD RESPONSIBILITIES (CONTINUED)

DEPT/DIV HEAD	PROCESSOR	CARDHOLDER
<p>RESIGNATION/TERMINATION-SECURE CARD FROM CARDHOLDER AND INITIATE NOTICE TO PURCHASING</p>	<p>PREPARE "P-CARD REQUEST FORM" TO NOTIFY PURCHASING OF RESIG-NATION/TERMINATION AND FORWARD CARD (CUT IN HALF) TO PURCHASING OR H/R AS SOON AS POSSIBLE</p>	<p>RESIGNING EMPLOYEE SHOULD TURN IN P-CARD, NO LESS THAN ONE (1) WEEK PRIOR TO LEAVING EMPLOYMENT OF THE CITY</p>
<p>TRANSFER OUT- INITIATE NOTICE TO PURCHASING OF INTENDED TRANSFER OF A P-CARD CARDHOLDER, NO LESS THAN TWO WEEKS PRIOR TO DEPARTURE</p>	<p>NOTIFY PURCHASING OF AN INTENDED TRANSFER OF ONE OF YOUR DEPT/DIV CARDHOLDERS WITH THE COMPLETION OF A "P-CARD REQUEST FORM".</p>	<p>WILL REFRAIN FROM THE USE OF P-CARD AT LEAST ONE (1) WEEK PRIOR TO STATUS CHANGE</p>
<p>TRANSFER IN-INITIATE NOTICE TO PURCHASING PRIOR TO START DATE OF INTENDED NEED OF A P-CARD FOR AN INTENDED TRANSFER INTO DEPT/DIV</p>	<p>NOTIFY PURCHASING OF AN INTENDED TRANSFER INTO YOUR DEPT/DIV WITH THE COMPLETION OF A "P-CARD REQUEST FORM"</p>	<p>ENSURE TRANSFER IS COMPLETE BEFORE P-CARD USE</p>

ACCEPTABLE P-CARD EXPENDITURES	ALL PURCHASES ARE TO BE PREVIOUSLY BUDGETED FOR OR APPROVED ITEMS AS NOTED
OFFICE SUPPLIES	FROM CO-OP SUPPLIERS
SUBSCRIPTIONS	BOOKS AND MAGAZINES
MEMBERSHIPS	ORGANIZATIONS (AS APPROVED BY DEPT HEAD)
REQUIRED MAINTENANCE COSTS REPAIR COSTS	ONLY IN THE EVENT THAT THESE NECESSARY EXPENDITURES ARE APPROVED PRIOR
OPERATIONAL EXPENSES -expenses which are related to the operation of a Dept/Div . or to the operation of a device, component, piece of equipment or facility.	
MAINTENANCE AGREEMENT PAYMENTS AGREEMENT PAYMENTS OTHER CONTRACT ITEM PAYMENTS	PAYMENTS ALLOWED ON PREVIOUSLY CITY MANAGER APPROVED CONTRACTS AND AGREEMENTS NOT ALLOWED TO INITIATE A CONTRACT OR AGREEMENT WITHOUT CITY MANAGER SIGNATURE
SUPPLIES	
41-10	OFFICE SUPPLIES
41-15	POSTAGE
41-20	UNIFORMS AND CLOTHING
41-25	SUBSCRIPTIONS
41-30	VEHICLE SUPPLIES (AS APPROVED BY FLEET)
41-35	PRINT SUPPLIES (AS APPROVED BY PRINT SHOP)
41-50	FUEL SUPPLIES AND WATER
41-55	FREIGHT
41-60	FOOD SUPPLIES (AS ALLOWED PER POLICY)
41-65	MINOR TOOLS
41-70	CLEANING SUPPLIES
41-75	MEDICAL AND CHEMICAL
41-80	MECHANICAL SUPPLIES
41-85	EDUCATIONAL SUPPLIES
41-87	EXTINGUISHING CHEMICALS
41-90	AGRICULTURAL SUPPLIES
41-95	ANIMAL SUPPLIES
COMPUTER AND RELATED EQUIPMENT REGISTRATION COSTS	(AS APPROVED BY I.T.) SEMINARS/TRAINING AND CONFERENCE
TRAVEL EXPENSE (DOES NOT ALLOW FOR UPGRADES)	AIRFARE BAGGAGE CAR RENTAL HOTEL- ROOM EXPENSE AND OCCUPANCY TAXES PARKING (WITH ASSOCIATED SALES TAX) FUEL FOR RENTAL VEHICLE MEALS (IF RECEIPTS ARE PROVIDED)

Appendix C – Sam’s Club Direct Charge Account Cards

The City of Killeen allows a select number of employees to possess and make purchases using Sam’s Club direct charge account cards. These cards are for City business only and the sole form of payment authorized at Sam’s Club. Personal items will not be purchased using a City direct charge card.

Purchasing will manage this program.

Department Heads will submit employee names to Purchasing and ensure compliance with program policies. When these personnel depart City employment, directors will secure the Sam’s Club card as part of the exit interview process.

City employees may also leverage the promotional discount provided by Sam’s Club to City of Killeen employees. The discount only applies to personal accounts with Sam’ Club.

Appendix D–Historically Underutilized Businesses (HUB)

Per TLGC 252.0215, the City of Killeen is required to attempt to contact at least two (2) disadvantaged businesses on a rotating basis. City staff will do the following for expenditures over \$3,000.00 but less than \$50,000.00:

1. Log on to <https://mycpa.cpa.state.tx.us/tpasscmlsearch/index.jsp>. On the opening screen you can search HUBs by vendor names, zip codes, or City location.

Search For Vendors - Centralized Master Bidders List - HUB Directory Search

Window on State Government | Glenn Hagar, Texas Comptroller of Public Accounts

Related Links

- CMBL/HUB Directory Search Tips
- Register For CMBL - HUB
- HUB Mentor Protege Agreement Listing
- System for Award Management (EPS)
- Debarred Vendors List

The CMBL is a master database used by State of Texas purchasing entities to develop a mailing list for vendors to receive bids based on the products or services they can provide to the State of Texas. Manufacturers, suppliers, and other vendors wishing to furnish materials, equipment, supplies, and services to the state should register for the CMBL to receive bidding opportunities.

The CMBL/HUB Directory Search is automatically defaulted to "CMBL Only" to perform a search for vendors, including Texas certified HUBs who have elected to register on the CMBL. Purchasing entities use NIGP Class and Item Codes within the "Multiple Vendor Search" feature to identify vendors who can provide the products or services they want to purchase, and to develop mailing lists of vendors to receive bids.

For detailed explanations of the various search and data output features (i.e., Search For, Single Vendor Search, Multiple Vendor Search, Business Category / Vendor Location Search, Select Fields For Output, Output Options) that may be used to create lists of potential vendors as well as retrieve detailed information on a specific vendor, click [CMBL/HUB Directory Search Tip](#).

SEARCH FOR

CMBL Only HUBs Only HUBs On CMBL All Vendors

SINGLE VENDOR SEARCH

Vendor ID:

Vendor Number:

Vendor Name: contains

Include Inactive Vendors Note: If this box is checked, you must enter either a Vendor ID, Vendor Number or Vendor Name.

MULTIPLE VENDOR SEARCH

Selection	NIGP Class Code	Items	Highway District(s)
Selection 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
Selection 2	<input type="text"/>	<input type="text"/>	<input type="text"/>
Selection 3	<input type="text"/>	<input type="text"/>	<input type="text"/>

BUSINESS CATEGORY / VENDOR LOCATION SEARCH

Business Category:

County Location:

City Location: begins with

Appendix E - City of Killeen Charter

Article VII - Finance Administration

SALE OF CITY PROPERTY

Section 75. Any sale or contract for the sale of any property belonging to the City, either in the form of land, real estate or other real or personal properties, shall be in accordance with the Texas Constitution, Texas Local Government Code, Chapters 252, 253, 271, 272, 273, and 280, and the acts amendatory thereof and supplementary thereto, now or hereafter enacted, and all other applicable State law. (Amend. of 5-4-91)

PURCHASE PROCEDURE

Section 76. The Director of Finance shall have authority to make expenditures from one or more municipal funds without the approval of the City Council for all budgeted items up to that amount which, under State law, triggers the competitive Procurement process. All contracts or purchases requiring expenditures from one or more municipal funds in the amount involving more than the dollar amount which, according to Section 252.021 of the Local Government Code, or any successor statute thereto, triggers the competitive procurement process, shall be let in compliance with the procedures prescribed by Chapter 252 of the Local Government Code and the acts amendatory thereof and supplementary thereto, now or hereafter enacted. (Amend. of 5-4-91; Amend. of 5-5-01; Amend. of 5-7-05)

CONTRACTS FOR IMPROVEMENTS

Section 77. Any City contract requiring an expenditure by, or imposing an obligation or liability on the City of more than the amount provided in Section 271.054 of the Texas Local Government Code and the acts amendatory thereof and supplementary thereto, must comply with the competitive bidding process of the Local Government Code. These contracts shall include contracts for the construction of public works or the purchase of materials, equipment, supplies, or machinery for which competitive bidding is required by the Local Government Code. (Amend. of 5-4-91; Amend. of 5-5-01; Amend. 5-11-13)

Appendix F –Three Quote Exemption Listing

Purchases above \$3,000 and up to \$50,000 require three quotes by policy and should include two searches from Historically Underutilized Businesses (HUB) located in Bell County, as applicable by law. (See Appendix D for HUB search directions)

A. The following transactions are City approved exemptions from the three-quote requirement:

- ✓ Confidential funds for the Killeen Police Department
- ✓ Election judges
- ✓ Employment drug testing
- ✓ Instructors for City events
- ✓ National cooperative purchases
- ✓ Non-profit budgeted appropriations
- ✓ Membership/dues
- ✓ Procurement through approved state cooperatives
- ✓ Renewal for software and equipment maintenance agreements (good for up to 2 years then quotes required)
- ✓ Rental of election equipment
- ✓ Rental of heavy equipment
- ✓ Repair to equipment, if equipment has to be disassembled for diagnosis and estimate
- ✓ Resale items
- ✓ Sponsorship for KCCC events
- ✓ Subscriptions
- ✓ Travel and training
- ✓ US postage
- ✓ Warranties on equipment or technical systems (good for up to 2 years, then quotes required)
- ✓ Water, electric and gas bills (utilities)

B. Per TLGC, the following transactions are exempt from the policy requiring three quotes and DO NOT require HUB searches:

- ✓ Rare books for Libraries
- ✓ Professional or Planning services
- ✓ Procurements made because of public calamity
- ✓ Procurements for the preservation of Public Health or Safety
- ✓ Unforeseen damages to public machinery, equipment or other property
- ✓ Goods or services purchased from another governmental entity
- ✓ Emergency Purchases
- ✓ Sole/Single Source items.
- ✓ Public Improvement projects
- ✓ Purchase of Personal Property
- ✓ Services by Blind or Disabled persons
- ✓ Electricity
- ✓ Advertising costs

Appendix G – Sole/Single Source Justification

Purpose – The City of Killeen’s Purchasing Manual requires that goods or services be procured with the maximum practicable competition. This manual enforces the requirement for competitive sealed bidding for goods and services costing more than \$50,000.00. Sole/single source procurements are exceptions to normal purchasing procedures and are permitted only when the required item or service is available from a single supplier. A requirement for a particular proprietary item does not justify sole source procurement if there is more than one potential supplier for that item. The purpose of this document is to outline responsibilities and procedures under circumstances when there is only one known source of supply capable of providing the goods or services required by the City.

Definitions – Sole source and single source purchases may be segregated in definition and use. The common thread is that a justification to procure from a sole or single source cannot be solely based on quality or price; “quality” can be a subjective evaluation and “pricing” is subject to the level of competition. “Sole Source” applies where it can be substantiated that a requirement involves a commodity or service provided by only one vendor or contractor which has exclusive rights (patents, copyrights, proprietary interest or secret processes) to the manufacturing of the product or service. Sole Source requirements will withstand the questions of (1) is the commodity or service is the only of its kind which can fully satisfy the requirement, and (2) is the commodity is available from one, and only one, source. In this context, “sole” means “the only one.” “Single Source” applies where it can be substantiated that a commodity or service can be obtained only from one vendor or contractor which often is the “single” representative of the manufacturer or principle company. “Single Source” purchases frequently involve a vendor or contractor whose product or service is discernibly distinguishable from all others in the market and singularly meets all significant elements of the City’s requirement. In this context, “single” means, “the one among others.” “Brand Name” specifically does not necessarily equate to a “Sole Source” nor a “Single Source” purchase. “Brand Name” requirements may not satisfy the criteria of either “Sole Source” or “Single Source” practices as several vendors or contractors may be able to provide the product or service and, therefore, the requirement can be competitively awarded. Purchasing specifications, in this instance, will provide for “Brand Name or Equal” specification, which identify the salient features of the requirement in a non-restrictive manner.

Request for Exception – Both “Sole Source” and “Single Source” purchases will be able to withstand the scrutiny of the test of ‘no alternatives’ by the City Manager. As such, the submittal of such a request and its documentation represents a good faith certification on behalf of the requesting department that the requirements have been met.

The determination as to whether to accept and act upon a “Sole Source” or “Single Source” request relies on the reasonableness of the request and the clear demonstration that the department has completed a comprehensive market survey where the investigation, evaluation and documentation of alternative sources and products or services leaves no doubt as to the course which the department has elected in the purchase. Key to this research is the use of specifications which only state the salient aspects of the requirement and can provide for the purchase of the minimally acceptable quality necessary to perform a given task.

Documentation of Sole Source Purchase Requests – When sole/single source purchases are requested, the fact that a sole source situation exists will need to be documented. The Sole Source Purchasing packet will be submitted by the Department Head along with a memorandum from the vendor to Purchasing. The packet accompanying the Sole Source Purchasing form will include the following:

1. A statement of fact they are the sole proprietary manufacturer of said equipment.
2. A description of the technical performance characteristics of the goods or services including a description of the unique properties of the goods or services specified. Explain why this is the only product or service that can meet the needs of the City.
3. A brief description of the intended use of the goods or services specified, establishing a requirement for the unique properties identified.
4. Explain why they are the sole practicable available source from which to obtain this product or service.
5. The vendor will explain why their price is considered reasonable.

Responsibilities and Review Procedures - When the Sole Source purchasing form and justification memo are received, they will be reviewed by the Purchasing Manager, Executive Director of Support Services, Assistant City Managers of Internal/External Services, Finance Director, and City Attorney before going to the City Manager for final approval. Purchasing will notify the requesting department of the City Manager's decision. If the sole source justification is approved, Purchasing will return the original document to the department and a requisition can be entered in SunGard.

Sole/Single Source Justifications

There are several reasons why a purchase may be possible or more practical from only one vendor.

- A. There is no competitive product. The item/service is a one-of-a-kind or patented product, such as computer hardware/software purchases/upgrades, which are available from only one-source.
- B. The product is only available from a regulated or natural monopoly. For example: utilities, gravel from the only pit in the area, etc.
- C. The product is a component of an existing system that is only available from one supplier.
- D. The vendor has already exercised a sale with the City and is the only one allowed to perform maintenance upgrades.

The Sole/Single Source form can be found on the Public Share drive under Purchasing in the Forms folder.

Appendix H – Fixed Asset Accountability

Fixed or capital assets are real or personal property that have a value equal to or greater than the capitalization threshold for the particular classification of the asset and have an estimated life of greater than one year.

The City has invested in a range of capital assets that are used in the City’s operations:

- Land and land improvements
- Buildings and building improvements
- Improvements other than buildings
- Infrastructure
- Construction in progress
- Leasehold improvements
- Personal property
 - Furniture and equipment
 - Vehicles, boats and aircraft
 - Other assets
 - 1) Works of art and historical treasures
 - 2) Library books and materials
 - 3) Intangible assets

Standard capitalization thresholds for capitalizing assets have been established for each major class of assets.

Class of Asset	Threshold	Residual Value
Land/land improvements	Capitalize All	N/A
Buildings/building improvements	\$25,000	10%
Facilities and other improvements	\$25,000	10%
Infrastructure	\$25,000	10%
Personal property (equipment)	\$5,000	10%
Library books/materials (collections)	Capitalize All	N/A
Works of art/historical treasures	Capitalize All	N/A
Leasehold improvements	\$25,000	10%

Purchasing is tasked with monitoring and tracking all asset purchases. Assets valued at \$5,000.00 or greater will be budgeted and purchased out of a **61-XX** capital account. Asset sheets will accompany the PO and invoice for these items.

All components of a vehicle such as light bars, graphics, tool boxes, etc. will be budgeted and purchased out of a **61-XX** capital account in order to properly account for the asset (vehicle, for example) in its entirety. Asset sheets will accompany the PO and invoice for these items identifying the fleet unit number.

Purchasing is also tasked with monitoring and tracking all furniture, technical equipment and power operated tools/equipment purchased for \$250.00 or more as inventory. Examples of such items are power tools (drill, saw, impact, lawn mower, blower) audio-visual equipment, printer etc. Asset sheets will accompany the PO and invoice for these items as well. Items purchased to repair such tools or equipment do not have to be recorded as inventory. For example, a part to repair a printer that costs \$101.99 does not require an asset sheet. If something is purchased to enhance the tool or equipment, this does require an asset sheet.

Items that are properly donated to the City will become City property. Receiving departments will facilitate property accountability measures; plan, program and budget for maintenance and supplies as required; and coordinate disposal in accordance with City policy when donated items are no longer needed.

The supply specialist assigned to Purchasing is responsible for establishing an accountability system for all assets purchased with City funds. All equipment will be accounted for and Department Heads will determine the level of accountability – department, intermediate and/or user level. Departments will then use the Asset Accountability Receipt to assign property responsibility.

The supply specialist will coordinate property inventories with each department. An initial walk through will be conducted and the subsequent inventory may span several days or weeks, depending on the amount of property and personnel availability.

Once complete, the supply specialist will create and verify an inventory record prior to securing signatures. This record will be maintained in Purchasing and be updated as required.

Asset accountability is defined as follows:

Small Equipment items (\$250 to \$4,999.99): Small equipment items are minor City assets that are ready for their intended use at time of purchase. These items will not exceed the maximum cost of \$4,999.99, such as HD cameras, coffee makers, cell phones, radios, etc. The following are characteristics of small equipment items.

- ✓ Single purchase price that does not exceed \$4,999.99.
- ✓ Factory lifespan of one to five years.
- ✓ Unique identification number such as a serial number or service tag number.

All small equipment items that are utilized as part of a tool kit or toolbox will be accounted for as a set.

Departments will use account number 46-XX for budgeting these asset purchases and summarize the items on capital budget worksheets for each small equipment account. Departments will maintain an Excel spreadsheet inventory list that will be subject to audit by the City Auditor and review by Purchasing. Only items between \$250 and \$4,999.99 will be accounted for using account number 46-XX; however, departments will use their discretion when creating inventory listings as they are accountable for all purchases using City funds regardless of the account used to purchase the item. Departments will maintain Fixed Asset Transaction Form 1e for assets purchased from 46-XX. When departments deem that an asset is surplus or obsolete, they will submit a Fixed Asset Transaction Form

le to Purchasing and then coordinate to move the asset to auction or donation. The Fixed Asset Transaction Form is located on the public folders under Purchasing in the Asset Management Folder.

Major capital equipment (Over \$5,000.00): Major capital items are assets such as automobiles, 5-ton lawn mower, tracker, etc. Major capital items are items whose value exceeds the threshold of \$5,000.00. These items, including components, will be properly recorded with Purchasing for accountability purposes. The following are characteristics of major capital items:

- ✓ Single purchase price of \$5,000.00 or more, including accessories.
- ✓ Lifespan of two years or more.
- ✓ Unique identification number, such as serial numbers, vehicle identification number (VIN), parts number, etc.

Departments will use account number 61-XX for budgeting of major capital asset purchases. Assets in this category are considered major purchases and are formally managed by Purchasing. Upon receipt or acceptance of an asset, the “Additions-Fixed Asset Register Sheet” is required to be submitted to Purchasing with the PO and invoice. Once a new item has been receipted into a department, the department will inform the Supply Specialist that an inventory of a new piece of equipment is required. When departments deem that an asset is surplus or obsolete, they will submit a “Deletions-Asset Register Sheet” to Purchasing and then coordinate to move the asset to auction or donation.

Capital Improvements and Capital Outlay Projects

All assets classified as Capital Outlay Projects will be budgeted in a capital improvement or capital outlay account (**60-XX accounts**). If during the year, a department needs to purchase a capital item that is not budgeted appropriately, the department will prepare a budget transfer to the asset account.

Purchasing monitors all purchases to ensure compliance with policy and budget. If an item is deemed surplus, and another department could utilize it, a request for transfer must occur. The City Manager is the final authority on all transfers.

- ✓ Departments will submit a “Departmental Transfer Request – Fixed Asset Register” to Purchasing when the City Manager has approved a transfer. The losing department will contact the Supply Specialist and coordinate the transfer (physical and paperwork) and upon completion ensure that accountability documents have been properly adjusted.
- ✓ Documents need to be complete and submitted on time, and expenditures identified with correct account numbers, in order for Purchasing to reconcile the fixed asset register within SunGard at the end of each FY.

All Asset forms are located on the COK public drive under Purchasing.

Records Retention for Asset Documents

Purchasing will maintain the Asset Register in accordance to the Texas State Library and Archives Commission. The State requires the asset register to be kept on file for three (3) years.

Auction records will be retained for one (1) year in accordance to the Texas State Library and Archives Commission.

Disposal of Assets

Article III, Division 2 of the City Ordinance addresses the process for disposing of assets. The Purchasing Manual also addresses asset disposal.

The Ordinance is as follows:

Sec. 2-87. Selection and valuation of property; notice to City Manager.

When a Department Head of the City has property to dispose, the City Manager's office, or his designee, shall be notified, by "deletions - fixed asset register" form, of that fact. The information on the form shall fairly describe each item of personal property by make, model, year, size or other appropriate identifier, along with the Department Head's estimate of the present market value of the property, and the basis of that estimate. The form shall also state the proposed method of disposition (public sale, sealed bids, auction (live or Internet), exchange, donation, or other). If the property is to be exchanged, then the notice shall fully describe the property to be acquired in the exchange.

(Code 1963, Ch. 1, art. 9, § 1 [Ord. No. 76-44, §1, 7-27-76]; Ord. No. 97-30, § I, 5-13-97; Ord. No. 07-088, § I, 9-25-07)

Sec. 2-88. Disposition approval.

- (1) If the estimated present market value of the property is between zero and two thousand dollars (\$2,000.00), then the purchasing division may proceed to dispose of the personal property, in accordance with the procedures stated below, no sooner than the third business day after giving notice to the City manager, unless the Manager objects to the disposition during that time period.
- (2) If the estimated present market value is more than two thousand (\$2,000.00), then the City Manager must approve the disposal of the property, in writing, before the purchasing division may proceed in accordance with the procedures stated below.

(Code 1963, Ch. 1, art. 9, § 2 [Ord. No. 76-44, §1, 7-27-76]; Ord. No. 97-30, § I, 5-13-97; Ord. No. 07-088, § I, 9-25-07)

Sec. 2-89. Method of disposal.

The method of disposal shall be by public sale, sealed bid, auction, exchange, donation, or other as approved by the City Manager or his designee.

There is no requirement to advertise the disposition of City-owned surplus property prior to

disposal other than advertisement mechanisms provided by auctioneer and/or local newspaper for a minimum of two weeks. However, before disposing of abandoned or confiscated property seized by the Police Department, the notice requirements of article 18.17 of the Texas Code of Criminal Procedures must be complied with.

(Code 1963, Ch. 1, art. 9, § 4 [Ord. No. 76-44, §1, 7-27-76]; Ord. No. 97-30, § I, 5-13-97; Ord. No. 07-088, § I, 9-25-07)

Sec. 2-90. Acceptance or rejection of bids and award.

In a disposition based on sealed bids or auction, at the Department Head's discretion, all bids may be rejected, if they do not represent adequate compensation to the City for the property involved. If the purchasing division desires to award the bid, it shall be awarded to the highest and best bid.

(Code 1963, Ch. 1, art. 9, § 5 [Ord. No. 76-44, §1, 7-27-76]; Ord. No. 97-30, § I, 5-13-97; Ord. No. 07-088, § I, 9-25-07)

Sec. 2-91. Disposal of surplus library books.

- (1) When the Director of Library services has complied with sections 2-87 and 2-88, the City Manager shall declare that any books designated as “surplus” and of no further value, due to their condition, infrequency of use, or availability of other copies, be made available for sale by the “Killeen Friends of the Library.” The proceeds of the public sale shall be reported to the City Manager.
- (2) The City Manager shall provide the City Council an annual report of all benefits realized as a result of the work of the Killeen Friends of the Library.

(Code 1963, Ch. 1, art. 9, § 8 [Ord. No. 87-11, §1, 2-24-87]; Ord. No. 97-30, § I, 5-13-97)

***Charter reference**—Municipal finance, §§ 49-82.

Cross references— Licenses, permits and miscellaneous regulations, Ch. 15; taxation, Ch. 27.

State law reference—Municipal finances, V.T.C.A., Local Government Code §101.001 et seq.

****Charter reference**—Disposal of certain City property, § 75.

Appendix I – State Cooperative Purchasing Procedures

To procure products or services through the State Cooperatives, the following should be utilized for procedure. It is important to follow the procedures as outlined in order to receive the full benefit of using a co-op such as price, terms and conditions and support throughout the purchasing process.

Remember, *all purchases \$50,000.00 or more will require Council approval prior to issuing any POs.* Also, if at any time you have a question or need assistance with the process, please feel free to contact Purchasing!

Cooperative	Contact / Site Info	Purchase Procedure		
TASB BuyBoard	www.buyboard.com 800-695-2919 Contact Purchasing for password (7723)	Search the website for product or service you need. If needed, call BuyBoard for assistance in locating such at (800) 695-2919.	Issue a COK purchase order to the vendor for the product or service referencing the state contract information. Fax a copy of the PO to the BuyBoard at 1-800-211-5454. Hold PO until order is received.	BuyBoard will send the PO to the vendor on your behalf to order your product or service from the vendor.
TCPN – The Cooperative Purchasing Network	www.tcpn.org 888-884-7695	Search the website for product or service you need. If needed, call TCPN for assistance in locating such at (888) 884-7695	Issue a COK purchase order to the vendor for the product or service referencing the state contract information. Fax a copy of the PO to TCPN at 1-713-744-0648. Hold PO until order is received.	TCPN will send the PO to the vendor on your behalf to order your product or service from the vendor.

Central Texas Co-op	Contact Purchasing (7723) or (7729) for information	Search the list of items offered for what need.	When using a PO or P-Card to purchase items ensure that the vendor knows you are utilizing CTCP co-op prices.	
TBPC – Texas Building and Procurement Commission	www.tbpc.state.tx.us/cat_page/ 512-463-6363	Search the website for product or service you need. If needed, call TBPC for assistance in locating such at (512) 463-6363	Issue a COK purchase order to the vendor for the product or service referencing the state contract information. Send a copy of the PO to the Purchasing dept. Hold PO until order is received.	The Purchasing dept. will issue a state PO (using your COK PO). This PO will be faxed to the State. The State sends the PO to the vendor on your behalf to order your product or service from the vendor.
Tarrant County Cooperative	www.tarrantcounty.com (817) 212-3067 Click on Departments Tab, Then scroll down to Purchasing, click on Cooperative Purchasing Information Tab and select list of available contracts.	Search the list of contracts for the product or service you need. Call Tarrant County for copy of contract at (817) 212-3067	Notify Vendor, and Issue a COK purchase order to the vendor for the product or service referencing the contract.	Notify Tarrant County Purchasing as a courtesy to which items purchased and from which vendor and or contract used.

<p>TXMAS Texas Multiple Award Schedule</p>	<p>www.txsmartbuy.com (512) 463-3421</p>	<p>Departments must obtain quote from vendor, and send quote to purchasing.</p>	<p>Purchasing will contact TXMAS, who in return will send PO for purchase of product.</p>	<p>Purchasing will send TXMAS PO to departments as verification. Dept. will create a requisition to the vendor for the product or service referencing the contract.</p>
<p>NJPA National Joint Powers Alliance</p>	<p>www.njpacoop.org (218) 894-5490 Member ID 86944</p>			
<p>TIPS The Interlocking Purchasing system</p>	<p>www.tips-usa.com (866)839-8477</p>			
<p>DIR Department of Information Resources</p>	<p>www.dir.state.tx.us (800) 348-9157</p>			
<p>PSA Purchasing Solutions Alliance</p>	<p>www.bvcog.org/programs/purchasing-solutions-alliance/ 979-595-2800</p>			
<p>HGAC Buy</p>	<p>www.hgacbuy.org</p>			

Glossary

Advanced Check	Check request processed prior to services/goods being received. Process is not complete until the request is forwarded to Finance for processing.
A P	Accounts Payable. Processing of payments/invoices against a PO for payment to be made to vendors.
Assets	Real or personal property that has a value equal to or greater than the capitalization threshold for the particular classification of the asset.
Budget Code – Account #	A unique combination of 14 digits, divided into seven segments of one, two, or three digits, for example: 010-9501-491-41-10
Capital Account	All account numbers ending with 60-XX. Assets are purchased from these accounts for reporting purposes.
Command Line	Function key – F9 will create a line at the bottom of the screen that allows you to work directly with spooled files waiting to print or call a program.
Commodity Code	Codes that identify the products and services purchased by departments.
Encumber/Encumbrance	A reduction of the budgetary account for goods or services that have not yet been provided. The encumbrance is created and the encumbrance is liquidated when the PO is completed. The encumbrance is a commitment of funds while the pre-encumbrance is an allocation of funds.
Expense	Created when an invoice for goods or services is submitted by a vendor and processed against a PO. The encumbrance is liquidated and the expense or account payable transaction is created.
Liquidate	Once an invoice is paid against an encumbrance, the encumbrance will liquidate and reflect and expense in the ledger accounts.
Manual Check Request	Emergency request for a check to be processed prior to the weekly AP run.
Pre-Encumbrance	Allocation of funds for expenditure. Represents an intention to spend funds rather than an obligation, which occurs when a contract is signed or a PO is issued. These are created when a requisition has been approved. When the PO is created, the pre-encumbrance is liquidated and replaced with an encumbrance.
Purchase Order	A document submitted to a vendor for goods or services. A PO will be created from an approved requisition.
P.I – Purchasing/Inventory	Purchasing/Inventory application on SunGard. Requisitions are created and approved here. PO's are created and received and invoiced here.
Quote	Cost promised by vendor for particular goods or services.
Receipt	Written acknowledgement of goods or services delivered. Indicates an item has been delivered. When you receive an item, you will process it against the PO you used to purchase it.
Receiving Report	Processing receipt of items against the PO you used for the purchase. Acknowledgement of goods or services delivered/received.
Ship To	The location where items are to be delivered. Also can be the location/department using the goods or services purchased by the PO.
Un-Receive	To replace quantities back on to the PO. Items will not be received in order to cancel a PO or to cancel outstanding quantities. If items are received on the wrong PO, or if items are damaged and will be returned.
Vendor	Payee or Remit To: Companies or individuals who supply goods or services.