

**City of South Bend
Administration & Finance Policy Manual**



3.1 Purchasing Policy

Effective: March 1, 2010

Purpose: This policy defines the purchasing policy of the City of South Bend.

Scope: This statement applies to all governmental units, enterprise operations, and operations of the City of South Bend.

Responsibility: This policy is the responsibility of the Controller of the City of South Bend. Changes or revisions to this policy are affected only with the consent and approval of the Controller.

Effective Date: This policy is effective March 1, 2010.

1.0 Policy Statement

The City of South Bend is a political subdivision of the State of Indiana and is governed by the State's public purchasing statutes including, but not limited to, the "Public Purchasing Law" found at Indiana Code § 5-22-1-1 *et seq.*, as amended from time-to-time. Except as otherwise noted, the Public Purchasing Law applies to all expenditures of public funds by a governmental body. In addition to the Public Purchasing Law, the City's purchasing activities are further governed by executive orders from the Mayor, local ordinances and resolutions of the Common Council, and resolutions of the Board of Public Works.

The City Controller and the City's Board of Public Works have adopted the following policies and procedures which are applicable to the purchase of goods and services in accordance with Indiana Code § 5-22-1-1 *et seq.* These policies and procedures apply to all City departments and divisions, but do not control those purchases related to a "Public Works" as defined below, which are governed separately by Indiana § 36-1-12-1 *et seq.*

2.0 Intent and Purpose

The intent and purpose of the policy and accompanying procedures is to enable the various departments and divisions of the City of South Bend to efficiently obtain supplies, equipment, materials, and non-professional contractual services while ensuring complete compliance with applicable Federal, State, and Local statutes, ordinances, rules, regulations and resolutions. The goals of these policies and procedures are to:

- a. Enable the City to acquire goods and services at the least possible cost while assuring a high level of quality; and
- b. Receive such goods and services in a timely and efficient manner;

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- c. Ensure fairness and equity in competitive purchasing; and
- d. Eliminate any conflict of interest, and the potential for or the appearance of improper business relationships with the City of South Bend.

3.0 Purchase Categories

The city has defined the following purchase categories:

Purchase Category	Definition
Direct Payment Purchase	“Direct Payment” means payment made directly to the recipient without the need of a Purchase Order, and is used for reimbursement of travel expenses, legal settlements, real estate transactions, credit card transactions, payment of taxes, payment of insurance premiums, payments for self insured benefit and workers compensation claims, unemployment compensation claims, and other payments as approved by the Controller.
Emergency Purchase	“Emergency Purchase” is a special purchase authorized where there exists a threat to public health, safety, welfare or would disrupt or seriously impair the function of a City department or essential City service.
Capital Equipment Purchase	“Capital Equipment Purchase” means tangible personal property such as vehicles, operating tools, machines, computer hardware, furniture & fixtures; and includes personal property acquired where the useful life of the property exceeds one (1) year.
Operating Supply Purchase	“Operating Supply Purchase” means tangible personal property goods and materials used in the day to day operations of the City.
Professional Service Purchase	“Professional Service” means professional accounting, architectural, engineering, legal, or other advisory services.
Service Agreement	“Service Agreement” means the furnishing of labor, time or effort by a person not involving items that are merely incidental to the required performance.

4.0 Approval to Purchase

4.1 A commitment to purchase may be affected by the Purchasing Agent provided that:

Funds have been properly appropriated through the approved budget or through additional spending appropriation approved by the applicable governing body, Common Council or Redevelopment Commission, and

Commitment to purchase has been approved by the appropriate department head or designee, and

Approval to purchase has been duly authorized by the appropriate governing board, Board of Public Works, Redevelopment Commission, or Board of Park Commissioners.

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Approval to purchase is defined as follows:

Purchase Category	Approval	Governing Approval
Direct Payment Purchase		
Travel expense	Department Head	None
Legal settlements	City Attorney / Controller	None
Real estate transactions	City Attorney / Controller	Redevelopment Commission
Credit Card transactions	Department Head	None
Taxes	Controller	None
Insurance premiums	Controller	None
Self Insured claims	Controller	None
Unemployment Compensation	Controller	None
Emergency Purchase	Purchasing Manager	None if less than \$50k, +\$50k Governing Body (post)
Capital Equipment Purchase	Department Head/Designee	None if less than \$25k, +\$25k Governing Body
Vehicles / Heavy Equipment	Department Head/Designee and Equipment Services	Board Public Works
Operating Supply Purchase	Department Head/Designee	None if less than \$25k, +\$25k Governing Body
Professional Service Purchase	Department Head/Designee	Governing Body
Service Agreement Purchase	Department Head/Designee	None. Governing Body if signature required or +\$25k

4.2 It is the responsibility of the department head and fiscal officer to control spending within budgetary levels and to initiate timely budget transfers as required.

5.0 Purchase Requisition / Purchase Order

Purchase requisitions are required for purchase requests for the following purchase categories:

Emergency Purchase, and
Capital Equipment Purchase, and
Operating Supply Purchase, and
Professional Service Purchase, and
Service Agreement Purchase.

Purchase Requisitions / Purchase Orders requirements apply as follows:

Direct Payment	No purchase requisition / no purchase order
Emergency Purchase	After the fact purchase requisition / purchase order
Capital Equipment Purchase	Purchase requisition / Purchase order
Operating Supply Purchase	Purchase requisition / Purchase order
Professional Service Purchase	Purchase requisition / Purchase order
Service Agreement Purchase	Purchase requisition / Purchase order

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- 5.1 Authority to issue purchase orders for the City is the responsibility of the Purchasing Manager. The Purchasing Agent, or designee, is the sole city party with the authority to obligate the city and issue purchase orders.
- 5.2 The Purchasing Manager, under the direction of the Controller, may appoint designee(s) with the authority to obligate the city and issue purchase orders.
- 5.3 Purchasing Procedure 3.1.2 defines the requirements and protocol for purchase requisitions.
- 5.4 All Purchases require a Purchase Order unless a Direct Payment has been approved and authorized at the direction of the City Controller.
- 5.5 A Purchase Order will not be issued without a properly approved and fully executed requisition to support the Purchase.
- 5.6 Purchase Orders must be obtained before the purchase is made.

6.0 Contract or Agreement

Contracts or service agreements are required for purchase requests for the following purchase categories:

Professional Service, and
Service Agreements, where the service is rendered over a defined period of time,

- 6.1 All obligations for payments by the City acting by or through any of its duly authorized offices, departments, boards, commissions or other agency of the City shall be supported by a written contract.
- 6.2 Only those officers, departments, boards, commissions or other agency of the City empowered by state statute may execute a contract on behalf of the City of South Bend. A board or commission may authorize certain person(s) to sign contracts on its behalf, but unless expressly authorized by statute, or by proper resolution, an employee may not sign a contract obligating the City. Any contract signed by an employee without express authorization is considered unauthorized, and no Purchase Order will be issued.
- 6.3 All written contracts must be reviewed by an attorney in the City's Legal Department before they are submitted to the appropriate entity for approval. Contracts in excess of \$5,000 must also be reviewed and approved by the City Controller, and/or the Purchasing Manager before they are submitted to the appropriate entity for approval.
- 6.4 The City Attorney is the only person authorized by state law to employ attorneys. [IC 36-4-9-12; See also Common Council Resolution No. 2690-98]. No officer, department, board, commission or other agency of the City may obtain or initiate to obtain legal services without the authorization of the City Attorney.
- 6.5 All contracts to obtain the professional services of financial consultants must be reviewed and approval of the City Controller, and the City's Legal Department, prior to being submitted for approval by the appropriate department, board, commission or other agency of the City.
- 6.6 All contracts executed on behalf of the City are subject to availability of funds that have been previously appropriated. [IC 5-22-17-5].
- 6.7 All contracts must include the following information:

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- a. The proper names of the parties (e.g. “XYZ, Inc.”, “John A. Smith”, “City of South Bend, Indiana”);
- b. Terms and conditions that are clearly stated, and consistent throughout document, with no conflict with federal, state or local laws or regulations;
- c. The amount of payment due on the contract must be clearly stated with a detailed description as to the payment schedule, the rate of pay, if applicable, the services to be provided, with any deliverables clearly identified, and all deadlines or schedules stated as appropriate;
- d. The effective start and end dates of the contract; and
- e. Does not contain any visible personal Social Security number in the contract, or any of the attachments or exhibits.

7.0 Purchasing Requirements for Quotes and Bids

The following table defines the dollar value thresholds for requirements of quotations and bids from vendors.

Purchase Order \$ Value	Required Approval	Method	Mode
To \$2,500	Department Purchasing	Preferred vendor or open market. No Quotes required.	Phone, Fax, Mail
\$2,500 to \$9,999	Department Purchasing	Preferred vendor or informal open market quote. 2 Quotes required.	Phone, Fax, Mail
\$10,000 to \$24,999	Department Purchasing	Preferred vendor or informal open market quote. 3 Quotes required.	Phone, Fax, Mail
\$25,000 to \$74,999	Department Purchasing Approval Board	Preferred vendor or formal quote process (written quote). 3 Quotes required.	Mailed 7 days prior to opening
Special Purchase Over \$49,999	Department Purchasing Approval Board	Sole Source. 1 written Quote required. Legal review required if +\$25k	Fax, Mail
\$75,000 or more	Department Purchasing Approval Board	Formal bid process.	Bid submission to Governing Board

- 7.1 Purchases may not be artificially divided to avoid policy thresholds.
- 7.2 Additional reviews required for Capital and IT purchases.
- 7.3 All purchases are limited by budget and appropriation approvals.
- 7.4 Approving / Governing Boards:

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Board of Public Works (BPW)
Board of Park Commissioners
Redevelopment Commission

7.5 Refer to Attachment Exhibit 3.1.1 for the “City of South Bend Purchasing Policy Matrix”.

8.0 Definitions

Defined terms, for purpose of this policy, are indicated by italicized letters in the table below, and have the following meanings, whether or not such terms are used before or after the definitions more specifically defined below:

<i>Consolidated Purchase</i>	“Consolidated Purchase” means the purchase of multiple supplies or services from one (1) vendor.
<i>Contract / Agreement</i>	“Contract / Agreement” means an agreement between two or more persons or entities which creates an obligation to do or not perform a particular task.
<i>Emergency</i>	“Emergency” means a situation that could not reasonably be foreseen and that threatens the public health, welfare, or safety or is a disruption of essential services and requires immediate action.
<i>Public Work</i>	“Public Work” means the construction, reconstruction, alteration, or renovation of a public building, airport facility, or other structure that is paid for out of a public fund or out of a special assessment, and includes the construction, alteration, or repair of a highway, street, alley, bridge, sewer, drain, or other improvement that is paid for out of a public fund or out of a special assessment, and any public work leased by a political subdivision under a lease containing an option to purchase.
<i>Purchase</i>	“Purchase” means to buy, procure, rent, lease or otherwise acquire goods and services.
<i>Purchase Order</i>	“Purchase Order” is a signed, numbered document authorizing an employee to purchase goods or services, and is the result of an authorized Purchase Requisition.
<i>Purchase Requisition</i>	“Purchase Requisition” is a request to purchase goods or services that is submitted to the Purchasing Manager before a Purchase Order is authorized.
<i>Purchasing Agent</i>	“Purchasing Agent” is defined by Ind. Code 5.22-2-26 as “an individual authorized by a purchasing agency to act as an agent for the purchasing agency in the administration of the duties of the purchasing agency.” The City of South Bend has authorized the City Controller, the Board of Public Works, and the Purchasing Manager as the City’s “Purchasing Agents”.
<i>Purchasing Manager</i>	“Purchasing Manager” is an employee of the City responsible for managing, coordinating and directing the City’s purchasing activities in order to efficiently manage centralized purchasing, and he/she reports directly to the City Controller.
<i>Reverse Auction</i>	“Reverse auction” means a method of purchasing in which offers are submitted in an open and interactive environment through the Internet.

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<i>Special Purchase</i>	“Special Purchase” means a Purchasing Agent may make a purchase under IC 5-22-10 without soliciting bids, quotes or proposals when there exists a special circumstance that precludes the solicitation of bids, quotes or proposals. Examples include, but not limited to: Emergency conditions, savings to a government body, auctions, data processing contracts / software license agreements, compatibility of equipment, government discounts or single source of supply.
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9.0 Policy Questions

Questions or matters of clarification concerning any statements or definitions as contained in the policy document should be directed to the Office of the Controller.