



ACCOUNTING AND PURCHASING POLICY MANUAL

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WHAT'S NEW?

PAYMENT SCHEDULE, Page 19

Summary of Changes:

Prompt Payment deadlines for goods and services.

CONFIRMING PURCHASE ORDER, Page 16

Summary of Changes:

Addition for clarification purposes.

INTRODUCTION

This Accounting and Purchasing Policy Manual (APM) has been developed for the benefit of Township Staff and is a recapitulation of current financial, purchasing, and general policies and practices. The APM will be reviewed and updated twice a year or as needed throughout the year.

TREASURY DEPARTMENT

BUDGET PROCESS

The formation of the municipal budget is an iterative process. Even after adoption by the Township Council, Staff should continue to look for new and innovative methods to provide services or perform functions more efficiently in an effort to be as fiscally responsible as possible. Additionally each budget is prepared with future budgets in mind. In other words, the Township never adopts a budget with only that fiscal year in mind but instead always has a multiple-year horizon. This precludes the use of budget gimmicks or “one time shots” that, although helpful in the short term, can possibly have severe long-term consequences.

The budget process, which begins each September, is comprised of various steps that culminate in the adoption of the budget in the spring of the following year. Staff should analyze each budget from dollar one. That is, they should start from zero, review and justify all budget requests. Just because an item was funded in a current or prior budget does not mean that it will be funded in the following year’s budget. It is strongly recommended that all budget submissions be at or below prior year requests and the need for any increases **MUST** be justified. Department/Division Heads are responsible for O&E detail sheets. Treasury Department (Treasury) is responsible for Personnel sheets. Additionally, each Department as appropriate must submit a six-year capital budget plan that outlines the need for capital equipment/projects. It is important to note that just because an item appears on the capital budget does not mean it will automatically be funded without any further action of the Department head. A request for a bond ordinance **MUST** come from the Department and at that time the need for that ordinance will be reviewed by the Business Administrator (BA).

The below steps are to be followed during the budget process. Compliance dates will be disseminated to Department Heads each September. It is important to note that formal action deadlines such as introduction of the budget are mandated by the State of New Jersey and are subject to change.

Step One – The BA will review budget policies and procedures with Department Heads at one of the two September post-Council staff meetings. If necessary, a separate meeting will be scheduled.

Step Two – Department Heads will meet with the Chief Financial Officer (CFO) to finalize current year issues.

Step Three – Department Heads shall submit salary and wage requested changes and adjustments to the CFO.

Step Four – Department Heads shall submit proposed budget detail sheets for each budgetary account in their respective budgets. The budget detail sheets MUST be submitted electronically on the template provided by Treasury. ALL FINAL DETAIL SHEETS MUST BE SUBMITTED AT THE CONCLUSION OF THIS STEP.

Step Five – The Mayor and/or BA shall conduct a public hearing on the expenditure portion of the budget.

Step Six – The BA and CFO shall conduct internal meetings, as necessary, with staff. ALL detail sheets will be reviewed and adjusted as necessary and the final sheets shall be provided to Department Heads.

Step Seven -The BA and CFO shall present and review the budget with the Mayor.

Step Eight –The Township Council adopts a temporary budget that will stay in effect until the final budget has been adopted by the Council.

Step Nine – Budget Introduction by the Council

Step Ten – Review of the budget with a Council Budget Committee or Council Committee of the Whole.

Step Eleven – There shall be a Budget Workshop at which time Department Heads will make brief presentations. This step may be combined with Step Ten.

Step Twelve – Public Hearing.

Step Thirteen – Budget Adoption.

FUND BALANCE POLICY

Purpose: The purpose of this Surplus Policy is to

1. Establish a target range that Wayne desires to maintain its Current Fund Balance within.
2. Establish procedures for managing and monitoring Wayne’s fund balance to ensure that the level remains within the targeted range.
 - a. Target Range: Wayne shall endeavor to maintain its Current Fund Balance within a range such that available Fund Balance is 5% to 10% of anticipated revenues.
 - b. Procedures for managing Targeted Fund Balance.

- i. Wayne will establish its annual budget so that projected Available Fund Balance at the end of the fiscal year is within the Target Range.
- ii. Wayne will utilize its best estimate of actual Fund Balance at the beginning of the fiscal year and its best estimate of all revenues and expenses for the budget to project ending Fund Balance.
- iii. The Fund Balance projection will be presented to the Council for review as part of the budget presentation.

PAYROLL

The Township has instituted a Personnel/Payroll Accounting System (Kronos) which is utilized to keep track of hours worked, vacation, sick time, etc. All Departments are responsible for inputting the necessary data. All Department Heads or designees MUST reconcile all time and attendance information on the Wednesday of the week preceding the pay week. This section will be updated as the Kronos project progresses. However, Kronos should be reviewed on a daily basis records are all up to date and any necessary comments made or actions taken. No new or returning seasonal employee is to start work PRIOR to a Status Form being processed (signed by all parties and input into Kronos). NO EXCEPTIONS.

PAYROLL OVERTIME

ALL scheduled/non-emergent overtime MUST be approved by the BA PRIOR to the overtime being worked.

FULL TIME EMPLOYEES

The Township has a longstanding policy and practice of paying employees every two weeks on a Friday. In 2020 like most years, this works out to twenty-six (26) pay-periods. Therefore, each paycheck will be one, twenty-sixth (1/26th) of an employees annualized regular 2020 salary.

Please note that your last paycheck of 2020 will be on THURSDAY December 24, 2020 at which time all regular pay for 2020 will have been paid. So, as long as employees work the entire year, the entire year's pay is received and the employee will not owe the Township. But, should an employee abruptly leave employment during the year, for any reason, it is possible they will owe the Township for overpayment.

The first and second paychecks of 2020 will include overtime and adjustments from 2019. These adjustments/overtime will be included in your 2019 earnings and will be shown on the 2020 W-2. All other paychecks received in 2020 will contain only 2020 wages earned.

Employees leaving for any reason except retirement (see below) are required to give a minimum of two weeks' notice or they may be responsible to reimburse the Township for any overpayment or work beyond a payday to earn the overpayment, thereby eliminating the need for

reimbursement. The Township has never withheld or held back any pay from newly hired employees as some other employers do.

Any employee planning on retiring must give the Township a minimum six week notice. This will allow the Township and employee to verify banked time, and work out the employee's final working day and use of banked time to eliminate any unnecessary overpayment issue. Advance notice will benefit the employee.

An official last working day can only be set and approved, by the Director of HR or the CFO. Should any employee believe they were paid improperly, or have questions concerning; schedule, hours worked (OT or regular) they should first see their supervisor. If after discussing same with their supervisor, there is still an issue or questions to be addressed, then the problem should be brought to HR or Treasury.

DEPOSITS

Per state law all Departments that collect checks/cash from the public MUST submit these receipts to Treasury by the end of each business day as these funds MUST be deposited within forty-eight hours of receipt. NO EXCEPTIONS.

SEMINAR AND CONFERENCE EXPENSES

Every January the CFO shall disseminate an updated Seminar and Conference Expense Policy. Contained within this policy are the rates of reimbursement for breakfast, lunch and dinner as well as the mileage for the use of personal vehicles (please note that personal vehicles SHALL only be used with PRIOR approval of the employee's Department Head). Additionally, please note the following:

1. The employee MUST receive a separate, detailed receipt from and prepared by the restaurant for EACH and EVERY meal that shows the cost of the meal and tip. There will be NO reimbursement WITHOUT THE ORIGINAL receipt. A receipt that only shows a lump sum amount is NOT acceptable.
2. Reimbursements are for the employee ONLY.
3. The Township does NOT reimburse for alcoholic beverages.
4. If an employee purchases gasoline while out of Wayne, he/she MUST submit an ORIGINAL receipt in order to get reimbursed. Receipts will be needed for reimbursements of tolls as well. If EZ Pass is used, a copy of the EZ Pass Statement is an acceptable form of receipt.
5. Any reimbursement for conventions/meetings/seminars must be submitted to the Purchasing Department (Purchasing) and paid in the same year that those expenses were incurred. For example, if an employee attends a seminar in April of 2020

reimbursement for that expense must be requested and paid in 2020. If this request is made in 2021 it will be denied. NO EXCEPTIONS.

6. Reimbursable mileage for travel to and from seminars and conferences will be calculated as follows;
 - a. Leave from and return to your residence – total mileage to and from the seminar/conference LESS total mileage to and from your residence to the municipal building. Please submit printout from MapQuest or other website indicating to/from mileage with the reimbursement request.
 - b. Leave from and return to the municipal building – total mileage from the municipal building to the seminar/conference and from the seminar/conference to the municipal building. Please submit printout from MapQuest or other website indicating to/from mileage with the reimbursement request.
 - c. The Township does not pay for hotel or travel expenses (air, train) should someone attend a seminar/convention that requires an overnight stay and/or out of state travel. The Township will pay for the registration fee and gas and meals in accordance with the above policy. Any requisitions for travel expenses (air, train, etc.) and hotels will be returned.

MISCELLANEOUS

ALL open Purchase Orders (PO) utilizing fiscal accounts (starting with the year) MUST be canceled by the end of the year unless permission has been received from the CFO or BA. However, under no circumstances will POs remain open past March 1 of the following year. End of year encumbrances for dollar amounts beyond what can reasonably be expended by December 31 will NOT be accepted without prior approval of the BA or CFO.

All prior year POs WILL be cancelled by the CFO March 1 of each year. This does not include POs that are written against a bond ordinance or Trust accounts for on-going projects.

A prior year PO CANNOT be used in the current year unless that item/service was purchased/performed in the prior year. Example: If I order a widget from Home Depot in 2020 I CANNOT use a 2019 Home Depot encumbering PO to pay for that widget. I MUST issue a NEW PO prior to that widget being ordered. If the widget was ordered in November 2019 but was not delivered until February 2020 I can use a 2019 encumbering PO to pay for that item. The exception to this is an ongoing project which is funded by a bond/capital ordinance. If you are not sure whether or not a PO should still be used Treasury or Purchasing should be asked PRIOR to any purchase being made.

PETTY CASH POLICY

There are only two petty cash funds approved for the Township of Wayne, one for the Library and one for Town Hall, located in the Revenue Department. Petty cash funds can only be used for the

payment of incidental expenses, mileage, tolls, parking etc. and are not repetitive in nature. Funds shall not be used to circumvent the purchasing procedures of the township. A petty cash expenditure is an expenditure not exceeding \$25.00. Petty Cash shall not be used to reimburse meals for any reason. Meals must be reimbursed through POs.

Procedures:

1. A petty cash reimbursement request must be completed by the requester (see below for a copy of the request form).
2. The request must be approved and signed by the requester’s Department Head.
3. All petty cash requests must be supported by an original itemized receipt, credit card statement, or EZ-pass bill.
1. Petty cash requests must also be signed by the CFO, Assistant Finance Director, or the Deputy Treasurer before being submitted for reimbursement.
4. The person receiving the cash must sign the request form at the time of receipt.
5. All replenishment requests shall be done by PO with supporting original receipts attached.
6. Checks to replenish petty cash shall be made out to the custodian of the petty cash fund.
7. Periodic reconciliations of petty cash must be performed.
8. All petty cash funds shall be closed out before December 31st of each year.
9. All approved funds shall be reestablished at the first council meeting the following January.

The form is titled "RECEIVED OF PETTY CASH" in a shaded header. Below the title, there are two lines: "No. _____" and "DATE _____". A table follows with two columns: "DESCRIPTION OF ITEM / SERVICE PURCHASED" and "AMOUNT". The table has four rows for entries. Below the table, there are two lines: "CHARGE TO ACCOUNT _____" and "TOTAL _____". At the bottom, there are two lines: "RECEIVED BY _____" and "APPROVED BY _____".

BUDGET TRANSFERS

Budget transfers (from salary to O&E or from Department to Department) are not allowed prior to November 1 of each year. All transfer requests must be submitted to the BA. Once the BA has approved this request it will be presented to the Township Council at a future Council Meeting. Please note that ALL budget transfers must be approved by Council resolution PRIOR to being finalized.

FIXED ASSETS

Fixed assets are any tangible item such as equipment, vehicles, building improvements/additions and land acquisitions that have an original purchase price of \$5,000 or more, not including labor, tax or transportation costs and have a useful life of at least five years. An excel spreadsheet has been prepared by the Finance Department and should be updated whenever a fixed asset has been purchased and an invoice has been obtained. Please contact Treasury to obtain a spreadsheet. Please keep a copy of the original invoice attached to the fixed asset spread sheet. All items that can be tagged with a township tag shall be. If you cannot tag an item a serial, VIN or model number that is visible on the asset will need to be supplied on the fixed asset listing. To obtain fixed asset tags please make your request to Treasury and they will supply a pre-assigned set of tags to you. If you have any question on what constitutes a fixed asset please contact the CFO to discuss. The Finance Department will be collecting these fixed asset sheets along with the invoices attached in November of each year in order for the items to be added to the Edmunds system prior to the end of the year. Please use the attached spreadsheet.

MONTHLY REVENUE REPORTS

Where applicable, Departments MUST submit monthly revenue reports to Treasury by no later than the 10th of the following month. NO EXCEPTIONS.

USE OF CREDIT CARDS

The Township allows the public to use credit cards for certain activities such as joining the pool or lake, swim lessons, and Violations. Those Departments currently utilizing credit cards have been given prior permission. This program may be expanded at some later date.

TAX APPEAL NOTIFICATIONS

The Tax Assessor shall notify the Mayor, BA, Chief Financial Officer, and Council of all pending tax appeals no later than December 1 of each year. This notification can be made via email.

POLICY REGARDING ANNUAL REVIEW OF ALL AGREEMENTS FOR PAYMENTS IN LIEU OF TAXES (PILOTs)

An annual review of Wayne Township's Pilot agreements shall be performed by the Chief Financial Officer to ensure compliance with the terms of each PILOT agreement including, but not limited to, timely payment and reporting. Annual reports shall be forwarded to the BA for review.

PURCHASING DEPARTMENT

Below is an outline of the Purchasing procedures that are currently in place and must be followed in order for the needs of the using Department to be met. Purchasing policies/procedures/laws MUST be adhered to at all times regardless of whether funding is coming from the federal government, state government, county government, a grant, or the Township of Wayne. If you have any questions please call Purchasing prior to taking an action. IT IS MUCH EASIER TO CORRECT A PROBLEM BEFORE IT OCCURS THEN IT IS AFTER IT OCCURS.

PURCHASE ORDERS-GENERAL EXPLANATION

Goods and services are not to be ordered or in any way be committed to without the existence of a valid PO. Any goods or services ordered without an encumbering PO absent a genuine emergency (lack of proper planning does not constitute an emergency) are confirming orders and confirming orders are illegal and, therefore, are not acceptable. During an emergency it may be necessary to make a commitment without a PO. In such event, the Director of Purchasing, or in her absence the BA, MUST be notified PRIOR to the order being placed. The following examples should help in understanding the encumbering process:

- An employee may need to purchase an unknown quantity of various items from a hardware store. Since we do not know how many items will be purchased a blanket PO to that vendor must be prepared PRIOR to the first purchase being made and when that encumbrance has been exhausted another blanket PO should be prepared if necessary. Going to the store, buying something and then preparing a PO (unless there is an emergency in which case PRIOR approval MUST be obtained from the Director of Purchasing, or in her absence the BA), is NOT acceptable.
- An employee utilizes a lawn service to cut grass at abandoned houses. Since we do not know how many lawns will be cut, a blanket PO MUST be prepared PRIOR to the first lawn being cut and when that encumbrance has been exhausted another blanket PO should be prepared if necessary.
- An employee receives a subscription during the course of the year. A blanket PO must be prepared at the beginning of the year PRIOR to receiving that subscription.
- An employee has a yearly contract for a lease of property which is paid on a quarterly basis. A blanket PO must be prepared at the beginning of the year. This PO can be prepared on a quarterly basis as well.

During an emergency it may be necessary to make a commitment without a PO. An emergency contract is permitted when an emergency affecting the public health, safety, or welfare requires

the immediate delivery of goods or the performance of services. In such cases, the following procedures are required:

- The Department head or his/her designee, shall notify the Director of Purchasing of the need for the performance of a contract, the nature of the emergency, the time of its occurrence and the need for invoking this section. If the Director of Purchasing is satisfied that an emergency exists, that person shall be authorized to contract for such purposes as may be necessary to respond to the emergent needs.
- Such notification shall be reduced to writing and filed with the Director of Purchasing as soon as practicable.
- The contract(s) shall be of such limited duration as to meet only the immediate needs of the emergency.
- Under no circumstances shall the emergency purchasing procedure be used to enter into a multi-year contract.
- In the event that the Director of Purchasing is unavailable, then the BA shall be contacted for prior approvals.
- Again, if you have any questions, please ask before rather than after taking an action.

REQUISITIONS-GENERAL EXPLANATION

The Requisition is Purchasing's authority to initiate the procurement process. A complete and accurate description of the items to be purchased, quantity to be purchased, date of quote, date material is needed, where delivery is to be made, vendor information, and type of purchase MUST be entered on the Requisition. If Department is utilizing a bid, the bid expiration date must be noted on the Requisition. If information is missing, Purchasing will contact the Department. If the information cannot be updated at that time, the Requisition will be placed back on Open Status.

The Edmunds generated Requisition will be the only acceptable method to generate a PO.

Edmunds generated Requisitions will have no print-outs.

The Edmunds generated Requisition MUST be approved by the Department Head or his/her authorized representative in Edmunds. In the event that the Department Head will be absent for a lengthy period of time, an authorized representative must be set up in Edmunds. The Department Head must contact Treasury and Purchasing, in writing, to make them aware of the temporary replacement. If Department Head is absent and has not appointed an authorized representative, contact CFO for assistance.

The Department Head must sign and date the original quote. The Department Head must also write the full account number and indicate whether the items to be purchased are BID (if bid you must include the bid/contract number), NON-BID, STATE CONTRACT, CO-OP (delineating which one, along with the contract number) RESOLUTION, or QUOTE, on the original quote.

The original quote with information provided by the Department Head must be scanned and attached to the Requisition in Edmunds. Purchasing shall amend the Requisition if deemed necessary to conform to Local Public Contracts Law. Backup MUST be attached in Edmunds for all non-blanket Requisitions. If information is missing, Purchasing will contact the Department. If the information cannot be updated at that time, the Requisition will be placed back on Open Status.

PURCHASE ORDERS- DETAILED EXPLANATION

A PO is prepared by Purchasing, utilizing the using Department's entered Requisition. POs are prepared through the Edmunds Accounting System. Once the Requisition is entered by the using Department, the Department Head or approved designee shall approve and review said Requisition in Edmunds. Purchasing shall then review and approve the Requisition. The Director of Purchasing shall review and approve the Requisition. Treasury shall review and approve the Requisition. The Requisition shall be then become a PO. All POs are digitally signed by the Director of Purchasing. In the absence of the Director of Purchasing, the BA or other designee may sign POs. After final approval of the PO, it is emailed/mailed to the vendor. The PO emailed/mailed to the vendor is the payment voucher which the vendor must sign and return via email/mail with an invoice in order to receive payment for services rendered.

POs MUST be on WHITE PAPER ONLY.

A color copy of PO will be sent by Purchasing to the appropriate Department.

All requisitions must be entered by 1:00 PM in order to be processed as a PO for the next business day.

The last day for POs in any calendar year will be determined by the Director of Purchasing or CFO but is usually around the end of December, so plan accordingly.

All prior year POs WILL be cancelled by the CFO March 1 of each year. This does not include POs that are written against a bond ordinance for an on-going project.

A prior year PO CANNOT be used in the current year unless that item/service was purchased/performed in the prior year. Example: If I order a widget from Home Depot in 2020 I CANNOT use a 2019 Home Depot encumbering PO to pay for that widget. I MUST issue a NEW PO prior to that widget being ordered. If the widget was ordered in November 2019 but was not delivered until February 2020, I can use the 2019 encumbering PO to pay for that item. The exception to this is an ongoing project which is funded by a bond/capital ordinance.

Blanket PO (previously referred to as Encumbrance):

- Blanket PO Release (Partial) "Do Not Mail" - If Department entered the words "Do Not Mail" on the Blanket Requisition, Purchasing shall not mail the PO. Department will receive a color copy of the PO from Purchasing. Department shall enter Release into system and send to appropriate vendor. White Release copy is emailed/mailed to the

vendor. The white copy is the payment voucher which the vendor must sign and return via email/mail to receive payment for services rendered.

- Blanket PO Release (Partial) - If Department entered no instructions on Blanket Requisition, Purchasing shall email/mail PO for vendor signature. Department will receive a color copy of the PO from Purchasing. When the signed white copy is returned to Department from the vendor, Department must send the signed copy to Purchasing, who will then send to Treasury for record keeping. Department shall enter Release into system. Department shall print Release, and write "Signature on File" in place of Vendor signature. If original signed copy is not on record with Purchasing and Treasury, Release shall be returned to Department.

PO Payment Procedures:

- Department shall enter Releases into system. Each Department is responsible for its Releases. All prices and costs on Invoices must match Department entries in Edmunds.
- Blanket PO Release "Do Not Mail": Release white copy is emailed/mailed to the vendor by the Department. The white copy is the payment voucher which the vendor must sign and return via email/mail to receive payment for services rendered.
- Blanket PO Release: Once signed white copy is filed with Purchasing and Treasury, Department shall print Release and write "Signature on File" in place of Vendor signature. If original signed copy is not on record with Purchasing and Treasury, PO shall be returned to Department.
- For all POs, the Department Head must initial and date the original invoice.
- All back up documents must be held by the using Department. Once the signed copy is returned from the vendor and signed by the Department Head, all back up documentation (quote, invoice, packing slip) MUST form the packet sent to Purchasing for approval.
- Invoices Numbers MUST BE entered in the "Notes" section of the PO in Edmunds by Department before the signed vouchers are sent to Purchasing.
- Multiple Invoices must be itemized as individual line items in Edmunds. Summaries are unacceptable (ex. "Various Building Supplies"). Multiple Invoices shall not be listed and manually added up in the "Notes" section.
- If information is missing or incorrect, the signed PO will be returned to using Department.

CONFIRMING PURCHASE ORDER

- In no case should goods or services (including construction) be purchased, without an approved PO. This shall be considered a confirming order. Confirming orders are unacceptable.

- The Township shall not pay confirming orders. The Township is not obligated to pay for the purchase of goods and services without prior PO in place.
- The individual responsible for authorizing the purchase of goods and services without a PO in place shall assume full responsibility and/or liability for such confirming order.

SECURING PRICES

The securing of prices is the responsibility of the using Department.

The following methodologies may be utilized to obtain prices:

- Telephone/Email – The greatest number of prices are obtained by the use of the telephone or email. Note: Obtaining a price from a vendor does not constitute a purchase and the successful vendor should be advised to wait for a PO before shipping any items. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PO.**
- Quotation Request (purchases at \$6,000 or over) – If you plan on spending \$6,000, or over, on one PO or \$6,000, or over, (in the aggregate) with any vendor during the calendar year, a written request should be sent to selected vendors describing the items needed. The vendor should respond via email or fax to your solicitation and these responses must be part of your backup. In time sensitive cases, quotes may be obtained by telephone. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PO.**
- Cooperative Purchasing Contracts – New Jersey State Contracts (administered by the New Jersey Division of Purchase and Property), the Bergen County Cooperative Purchasing and Pricing Systems, the Educational Services Commission of New Jersey Cooperative Contracts, the Morris County Cooperative Pricing Contracts, the North Jersey Wastewater Cooperative Contracts, the Passaic County Cooperative Contracts, the Somerset County Cooperative Contracts, and any Council approved Cooperatives are available for the purchase of many goods and services and should be utilized as much as possible (from time to time other cooperatives may be made available so please check with Purchasing). Purchases exceeding \$40,000 made under State Contracts or any co-op (in the aggregate) **MUST** have the Council’s approval **PRIOR** to any goods or services being purchased. If you plan on spending over \$40,000 under a Cooperative Contract, you must contact Purchasing. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PO.**
- Formal Bids (purchases over \$40,000) – State Law requires that sealed bids be solicited when purchases exceed the bid threshold in the aggregate for a calendar year. If you plan on spending over \$40,000 (in the aggregate), you must contact the Director of Purchasing. **IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PO.**

DOLLAR THRESHOLDS

Under \$6,000 – These purchases are normally made by the using Department. Although not required, it is **STRONGLY SUGGESTED** that a minimum of three quotes be obtained even if the goods or services to be purchased are under the quote threshold. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED, OR CONSTRUCTION PROCEED, WITHOUT AN APPROVED PO.**

\$6,000 to \$17,499 – These purchases **REQUIRE** three written quotes. If for some reason quotes cannot be obtained, a written explanation as to “why not” must accompany the requisition. In time sensitive cases, quotes may be obtained by telephone. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED, OR CONSTRUCTION PROCEED, WITHOUT AN APPROVED PO.**

\$17,500 to \$39,999 – Any purchase \$17,500 or above **REQUIRES** a Council Resolution pursuant to the NJ Pay to Play Law (P2P). Other than for an emergency (lack of proper planning does not constitute an emergency), **NO** purchases for goods, services, or construction exceeding \$17,499 can be made without a **PRIOR** resolution of Council. At the beginning of each year a \$16,500 threshold is established for all vendors and this amount **CANNOT** be exceeded without the **PRIOR** approval of the Director of Purchasing, or in her absence the BA, unless authorized by a bid award. Once the \$16,500 threshold has been met the need for a resolution will be discussed with the using Department. **P2P THRESHOLDS APPLY TO THE VENDOR AND NOT JUST TO A SPECIFIC PROJECT. REGARDLESS OF WHETHER OR NOT A VENDOR IS THE ONLY ONE ABLE TO SUPPLY GOODS/SERVICES/CONSTRUCTION A P2P RESOLUTION IS STILL REQUIRED PRIOR TO ANY PURCHASE BEING MADE.** To begin the P2P process, you must contact the Director of Purchasing. P2P paperwork has strict guidelines. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED, OR CONSTRUCTION PROCEED, WITHOUT AN APPROVED PO.**

\$40,000 and over – These purchases **REQUIRE** public bidding pursuant to the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq. A contract **MUST** be awarded by the Council before **ANY** commitment is made to a vendor. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED, OR CONSTRUCTION PROCEED, WITHOUT AN APPROVED PO.**

BID PROCEDURES

After approval of the Director of Purchasing, and the assurance that funding is available, the Specifications Writer, with assistance from the using Department, prepares a set of specifications detailing the items or services required. Once the specifications have been finalized and approved by the using Department a legal notice is placed in the Township’s official newspaper advising prospective bidders of the goods or services needed or construction to be performed. The notice instructs prospective bidders on how to obtain the bid documents, where and when to submit the bid, bid date, etc.

Bids are normally opened by the Township Clerk in a public setting at 11:00 AM on Tuesday mornings unless otherwise noted in the public notice. A tabulation is prepared by the Specifications Writer in order to analyze the proposals received. This analysis is then forwarded to the using Department who shall submit a written recommendation to the BA (on letterhead), copying the Director of Purchasing and Specifications Writer, to award a contract to the lowest responsible and responsive bidder(s) or to reject the proposals received. The using Department's recommendation should include: account(s) to be used, total cost of contract, length of contract, and any additional information as appropriate. A final recommendation will be sent by the BA to the Council for their official action. After the bid is awarded Legal Department (Legal) shall prepare a contract to be sent to the vendor for signature.

Due to the amount of time it takes to review a bid package, we can no longer guarantee that bids opened on a Tuesday will be awarded at the following week's Council Meeting. Please plan your calendar accordingly.

Once the contract has been executed by all parties, POs may be issued against the contract. A PO for a contract awarded by the Township Council must be requested by the using Department as soon after the Council Meeting as is practical. Waiting months to request a PO is NOT acceptable.

In the event that the bids received are unsatisfactory or no bids are received, a re-bid for the item(s), service(s) is required. If, after two attempts, bids are still unsatisfactory or no bids have been submitted, the Township may negotiate with interested vendors. It should be noted that PRIOR authorization to negotiate MUST be obtained from the Council and Purchasing. It is illegal to negotiate PRIOR to receiving Council authorization to do so.

PREVAILING WAGE / FORM AA-202 PROCEDURE FOR DEPARTMENTS

(This procedure is for Public Works Projects*)

The New Jersey Prevailing Wage Act (N.J.S.A. 34:11-56.25 et seq.) establishes a prevailing wage level for workers engaged in public works in order to safeguard the workers efficiency and general well-being, and to protect them as well as their employers from the effects of serious and unfair competition resulting from wage levels that are detrimental to the efficiency and well-being of all concerned.

Public works projects subject to the Act are those funded in whole or in part with the funds of a public body. Contracts awarded directly by municipal government must be valued at \$16,263.00 (effective July 1, 2019) or more to be covered by the Act.

IF you have a vendor that has been awarded a bid for over \$16,263.00 you MUST receive Prevailing Wage Documents from them. YOU CANNOT PAY THEM WITHOUT PREVAILING WAGE DOCUMENTS.

IF you have a vendor that you are working with over the course of a year and you realize you have paid them \$16,263.00 you MUST speak with Purchasing as you CANNOT PAY THEM WITHOUT PREVAILING WAGE DOCUMENTS.

Per construction bid specifications, “the contractor shall submit Form AA-202 (Monthly Project Workforce Report) to the County and to the Division of Public Contracts Equal Employment Opportunity Compliance once a month thereafter for the duration of the contract.”

A copy of Form AA-202 (Monthly Project Workforce Report) is to be submitted to the Purchasing along with the original Prevailing Wage Certified Payrolls at the time the signed Payment Voucher is submitted for payment.

*Please be aware that "Public works" means building, altering, repairing, improving or demolishing any public structure or facility constructed or acquired by a contracting unit to house local government or school district functions or provide water, waste disposal, power, transportation (but not the contracting for transportation services), and other public infrastructures.

PAYMENT SCHEDULE

After merchandise is received or work/services performed, the vendor’s invoice and signed payment voucher along with verified delivery/packing slips are forwarded to the Purchasing for processing to Treasury. Cutoff for processing payments is Wednesday, end of business day.

Treasury prepares a “Bill List” for the Governing Body’s approval every Friday for the next subsequent Council Meeting.

Checks are mailed to a vendor on the Friday after the Council Meeting at which the bill was approved. Unless prior arrangements have been made with the CFO all checks are mailed. No checks shall be released prior to 3:00 PM Friday following the Council Meeting.

The original voucher with all paperwork is retained in Treasury and scanned into Laserfiche.

All contracts for improvements to real property and structures regardless of the dollar amount are governed by the Prompt Payment Law (P.L., 2006, c. 96), N.J.S.A. 2A:30A-1 et seq., which establishes timing standards for the payment of bills for a wide range of construction-related contracts. Per the Prompt Payment Law the Township must pay a contractor not more than thirty (30) calendar days of receipt of the date the bill is received by the Township. Accordingly, all bills MUST be date stamped upon receipt. If a bill is being challenged, the contractor MUST receive a written statement of the amount withheld and the reason for withholding payment within twenty (20) calendar days of the receipt of the bill. Please refer to Local Finance Notice LFN 2006-21 dated November 1, 2006 (this can be obtained by going on-line). It is imperative that anyone managing any contract for improvements to any land and its appurtenances be familiar with this law. There are financial penalties attached to the failure to follow this law so please make sure you are totally familiar with Prompt Payment.

P.L. 2018, c. 127 establishes a prompt payment requirement that applies to goods and services contracts a contracting unit awards to a “business concern” under the Local Public Contracts Law (LPCL.) All goods and services contracts awarded on or after February 1, 2019 (the law’s effective date) regardless of dollar amount and any contracts requiring either a single payment or multiple payments must now make prompt payment to most vendors a contracting unit does

direct business with for goods and services. If Payment Date is specified in the contract, payment must be no later than 60 calendar days from date specified in the contract. If Payment Date is not specified in the contract, payment shall be the later of: 60 calendar days from receipt of properly executed invoice; or 60 calendar days from the date the goods or services were received (as certified by an officer or duly designated employee.) Please refer to Local Finance Notice LFN 2019-02 dated January 23, 2019 (this can be obtained by going on-line).

CHANGE ORDERS

Change orders for a project/contract, etc. awarded by resolution of Council should be avoided if at all possible. The dollar amount approved by the Council cannot be exceeded without a formal change order and a new resolution approved by the Council. If it is not possible to avoid utilizing a change order the request **MUST** be submitted to the BA and Director of Purchasing **PRIOR** to any work being performed or orders placed. If justified, the change order will be presented to the Council for consideration. Emergencies will be addressed on a case by case basis.

CONTRACT CLOSE OUT

At the conclusion of all contracts, if the amount set aside by Resolution is less than/equal to the project total, no further action is required. The contract shall be closed per standard procedures. If any change is needed to the Project total, follow the procedure for **CHANGE ORDERS**.

DISPOSITION OF SURPLUS AND OBSOLETE EQUIPMENT

Purchasing is responsible for the disposition of surplus and obsolete materials, equipment, and vehicles. When a Department Head determines that an item is no longer needed for a public purpose, he/she shall provide the Director of Purchasing with a written request to dispose of the item. This request shall include such information as type of item, manufacturer, and serial number along with digital pictures.

Upon the concurrence of the Director of Purchasing a resolution will be presented to the Council for approval. No items shall be disposed of without an approved resolution.

After a resolution has been approved by the Council, a public sale, bid, or auction will be scheduled. In some cases the items are disposed of as scrap.

CONTRACT MANAGEMENT

Contract management is the responsibility of the using department. Although Purchasing does attempt to track contracts it is incumbent upon you to know when a contract expires, as well as the dollar amount of that contract so that the amount authorized by the Township Council is not exceeded. Once a contract expires it can no longer be used and cannot be extended retroactively. Please note that an amount authorized by Council **CANNOT** be exceeded without **PRIOR** approval of the Council. As a contract's expiration date approaches you should contact the Director of Purchasing to discuss a new bid or a contract extension. The bid process takes approximately three

months so you should be guided accordingly. This also applies to inter-local agreements which Purchasing does not track.

If a using department is not satisfied with a vendor's performance, that vendor must be provided with written notification delineating the problems and providing a date by which these problems must be corrected. If written notification is not given, the Township will not be able to take any action against the vendor or disbar a vendor from bidding on future contracts. Once the using department has compiled such a list the information should be sent to Purchasing. At that time a course of action will be developed. Should you have any questions with respect to what constitutes proper notification please contact Legal.

USE OF TOWNSHIP CREDIT CARDS

The Township has a Home Depot card and a Costco card that are used from time to time. These cards are kept in Purchasing and permission must be given prior to use. Purchasing maintains a log which must be signed by both the person taking the card and Purchasing. A PO must be brought to Home Depot/Costco along with the card. Once the purchases have been made the PO, receipt, and card must be brought back immediately to Purchasing. At that time both the person who used the card and Purchasing will again sign the log. **NO EXCEPTIONS!**

MISCELLANEOUS

- **LACK OF PROPER PLANNING DOES NOT CONSTITUTE AN EMERGENCY.**
- The purchase of any furniture (desks, chairs, etc.) will require prior approval of the Director of Purchasing before any PO is processed.
- Request for agenda items must be received by the BA no later than 12:00 PM of the **TUESDAY** proceeding the week of the Council Meeting. A request for a bond ordinance must be received by the BA no later than 12:00 PM of the Tuesday proceeding the week of the Council Meeting. Agenda items should not be sent to Legal directly.
- People having office holiday parties must pay for these themselves. Township funds, monies from dedicated accounts, etc. may **NOT** be used for this purpose. This type of PO will **NOT** be approved.
- For those departments ordering shoes, sweatshirts, jackets, summer t-shirts, etc. (per a collective bargaining agreement) all orders **MUST** list the name of each person who will be receiving shoes, sweatshirts, summer t-shirts, etc. Any Requisition/PO not including names will be returned.
- From time to time departments/divisions sponsor meetings where breakfast/lunch/dinner is served. Care should be taken to insure that we are being as economical as possible. In other words, a menu of pizza is acceptable while a hot meal from a restaurant is not. It does not matter if the funding is coming from a dedicated account. We are dealing with public funds and we must be very careful how these funds are spent. Any bills beyond what is

considered acceptable will NOT be paid for by the Township. If you have a question as to what may or may not be acceptable you should ask PRIOR to placing an order.

- Any supervisor coordinating a professional service contract MUST provide a monthly status (no later than the 10th of each month) to the BA. This should include, but not be limited to, total authorized expenditures, money spent the prior month, total money spent and resolution number if applicable. When seventy-five percent of the authorized funding has been expended you MUST discuss the need for additional funding with the BA. This will insure that monies spent will not exceed the authorized appropriation. No retroactive resolutions for contract amendments will be presented to the Council.
- Any document (letter, memo, etc.) received in hard copy by your office MUST be date stamped so we have a record of when that document was received by the Township. All major print jobs MUST be reviewed with IT prior to performing that job. If that is not done that print job WILL be charged to your budget. NO EXCEPTIONS!!
- When staff lay money out for minor purchases the original receipt MUST be submitted with the request for reimbursement. No original receipt, NO reimbursement!! NO EXCEPTIONS!! COPIES ARE NOT ACCEPTABLE. Proof of employee payment must be submitted with receipt (i.e. cashed check, section of bank statement/credit card bill.)
- Certified payrolls for construction contracts/projects (if applicable) must be sent to the Purchasing as soon as you receive them. Make sure the contract/project name and number are referenced on all sheets.
- We currently use UPS (should the vendor change during the course of the year you will be advised of the new vendor, phone number, etc.) to send packages, etc. The following procedure MUST be employed when utilizing this service:
 - Fill out the necessary form.
 - Call UPS at 1-800-742-5877, press “0” two times to “please speak to someone.” Give them your name, account number (F05630) your name and department where they will be picking up the package.
 - Make a copy of the shipping document and send to Purchasing.
 - Please provide a department account number for billing purposes on the copy of the shipping document.
 - If you have any questions please contact Purchasing.
- All Quotes/Estimates/Proposals that contain Terms & Conditions imposed by the vendor must be reviewed by the Legal prior to entering the Requisition into Edmunds.

- Edmunds, New Vendor Procedure: Department must obtain potential Vendor's name, address, phone number, fax number, email address, copy of W9, tax ID (SSN or FEIN), copy of BRC, and copy of PWCR* (*Construction-related projects only.) Interested Department must send all vendor information to purchasing@waynetownship.com

