BERRYVILLE TOWN COUNCIL BUDGET AND FINANCE COMMITTEE
MEETING AGENDA
Berryville-Clarke County Government Center
101 Chalmers Court, Second Floor
Meeting Room A/B
Regular Meeting
October 24, 2017
10:00 a.m.

Item			Attachment
1.	Call To Order	Erecka Gibson, Chair	
2.	Approval of Agenda		
3.	Discussion	Work Plan Internal Audit of Cash Disbursements & Procurement	1
4.	Discussion	Purchasing Policy	2
5.	Discussion	P-Card Policy	3
6.	Closed Session	No Closed Session Scheduled	
7.	Other		
8.	Adjourn		

↕ Denotes an item on where a motion for action is included in the packet

Attachment 1

Process	Sub-Process	Risk No.	Risk	GAP No.	GAPs	RESOLUTION/ACTION	POSITION RESPONSIBLE	COMPLETION DATE
Procurement	Vendor Management	**R_2**	Purchases are made to unauthorized or fraudulent/non-existent vendors.	**GAP_1**	Prior to doing business with a new vendor, vendors are not required to submit business information, including an IRS Form W-9.	A. Develop a Vendor Registration Form with W-9 (Appendix B)	ATMF	COMPLETED
						B. Require all vendors; excluding residential refunds, employee reimbursements, vendors for travel-related expenses, and the like, to complete a Vendor Registration Form with W-9.	FC	1/1/2018
	Purchasing	**R_4**	Purchases are made at unauthorized prices or terms.	**GAP_3**	Per the Town of Berryville's Procurement Policy Manual, one (1) quote is required to be obtained for purchases less than $5,000. Documentation of quotes is not being consistently maintained.	A. Within the Small Purchase Limit, a P-Card Expense Report or a Request for Payment Form will constitute a record of the quote.	None	None
		R_4	Purchases are made at unauthorized prices or terms.	**GAP_4**	Department heads are not required to sign off on invoice or purchase requisition indicating approval of price, amount, terms, and GL expenditure account.	A. Amend Purchasing Policy to require Department Head signature on the Request For Payment form and the Request for Purchase Order Form	Town Council	11/1/2017
						B. Purchase Order Request form will be amended to include a signature line for requesting Department Head.	ATMF	COMPLETED
		R_5	Expenditures are posted to incorrect accounts or periods.			C. Develop a Request for Payment form (Appendix B).	ATMF	COMPLETED
						D. Department Head signature will be required on Purchase Order Request forms and Request for Payment forms before processing.	FC	1/1/2018
		R_4	Purchases are made at unauthorized prices or terms.	**GAP_5**	Per the Town of Berryville's Procurement Policy Manual, four (4) solicitations for quotes are required to be obtained for purchases of goods or nonprofessional services over $5,000 to the small purchase limits set in the VPPA. Documentation of quotes is not being consistently maintained.	A. Develop a Record of Solicitations for Price Quote form (Appendix B).	ATMF	COMPLETED
		R_11	Non-compliance with Virginia Public Procurement Act.			B. Require Price Quote Record form to be completed and signed by Department Heads and attached to a Request for Payment form.	FC	1/1/2018
		R_4	Purchases are made at unauthorized prices or terms.	**GAP_6**	Per the Town of Berryville's Procurement Policy Manual, all sole source procurements for goods and services must be approved in advance by the Town Manager or designee. Additionally, the Town is required to maintain written determination documenting that there is only one source practicably available for that which is to be procured. Such procedures are not being performed.	A. Amend Purchasing Policy to require signature by Department Head and Town Manager.	Town Council	11/1/2017
						B. Develop a Sole Source Procurement form (Appendix B).	ATMF	COMPLETED
						C. Require that the Sole Source Procurement form be completed by Department Head and signed by both the Department Head and the Town Manager and the form attached to the Request for Payment form or Purchase Order Request form.	FC	1/1/2018

Process	Sub-Process	Risk No.	Risk	GAP No.	GAPs	RESOLUTION/ACTION	POSITION RESPONSIBLE	COMPLETION DATE
Procurement	Purchasing	**R_4**	Purchases are made at unauthorized prices or terms.	**GAP_7**	Per the Town of Berryville's Procurement Policy Manual, in the case of emergency procurement, written documentation shall be maintained indicating the nature of the emergency and reason for selection of the particular contractor. Such written determination shall be signed by the Town Manager or designated representative. Such procedures are not being performed.	A. Amend Purchasing Policy to require Emergency Justification form be signed by Department Head and Town Manager.	ATMF/Town Council	11/1/2017
						B. Develop an Emergency Procurement Justification form (Appendix B).	ATMF	COMPLETED
						C. Require that the Emergency Procurement Justification form be completed by Department Head and signed by both the Department Head and the Town Manager and the form attached to the Request for Payment form.	ATMF	1/1/2018
		R_4	Purchases are made at unauthorized prices or terms.	**GAP_12**	The Town utilizes the ability to ride other jurisdictions' contracts when practicable; however, the Town does not require Council approval for large purchases made through riding another jurisdiction's contract.	A. Amend Purchasing Policy to require the Cooperative Procurement form be signed by Department Head and Town Manager with contracts	Town Council	11/1/2017
						B. Develop a Cooperative Procurement form (Appendix B).	ATMF	COMPLETED
						C. Require that the Cooperative Procurement form be completed by Department Head and signed by both the Department Head and the Town Manager and the form attached to the Request for Purchase Order or Request for Payment form.	FC	1/1/2018
		R_4	Purchases are made at unauthorized prices or terms.	**GAP_13**	Purchase orders are generally completed after a purchase has been made and an invoice has been received. Purchase orders should be generated and approved before purchases are made.	A. Develop a Request for Payment form (Appendix B).	ATMF	COMPLETED
						B. Require Department Heads to complete a Request for Payment form when submitting bills for payment.	FC	1/1/2018
	Procurement Credit Card	**R_9**	Cash disbursements for unauthorized purchases are issued.	**GAP_8**	Per the Town of Berryville's Purchasing Card Policies and Procedures, cardholders are required to sign the monthly statement or individual receipts, documenting his or her review and certification that all purchases listed are correct and made for official purposes. Currently, cardholders are not signing monthly P-Card statements or receipts.	A. Amend the P-Card Policy to require cardholder signature on P-Card Expense Report form.	Town Council	11/1/2017
						B. Amend the P-Card Expense Report form (Appendix B) in order to provide for cardholder certification.	ATMF	COMPLETED
						C. Require that both the cardholder and the Department Head complete the P-Card Expense Report form.	FDC	1/1/2018
		R_4	Purchases are made at unauthorized prices or terms.	**GAP_10**	The Front Desk Clerk reviews all purchasing credit card activity by department heads to ensure receipts are present and transactions are reasonable, and approves within "Works";	A. FC will, prior to electronic approval in Works, print Works Report, sign it, and provide it to the ATMF.	FC	1/1/2018

Process	Sub-Process	Risk No.	Risk	GAP No.	GAPs	RESOLUTION/ACTION	POSITION RESPONSIBLE	COMPLETION DATE
					however, the reviewer is not required to physically sign off indicating approval. Additionally, the system does not prevent the approver from being the same person as the initiator.	B.A. Works Reports (P-Card Expense Reports) on which the FC has been an initiator will also be reviewed and signed by ATMF prior to the FC approving within "Works".	FC	1/1/2018
Cash Disbursement	Wire Transfers	**R_9**	Cash disbursements for unauthorized purchases are issued.	**GAP_9**	The online banking portal is not configured to segregate duties between initiator and approver of wire transfers. Additionally, the bank is not set up to only allow wire transfers/ACH payments to approved bank accounts. The Mayor and Recorder will have access to wire tranfer and bank statement files maintained by the ATMF.	A. Wire transfers and new ACH payments will be approved by the Mayor or Recorder.	FC / Mayor or Recorder	1/1/2018
						B. FC will sign transfers and new ACH payments.	FC	1/1/2018
						C. ATMF will complete the transaction for the Town.	ATMF	1/1/2018
All	All	**R_3**	There are misappropriations of cash or fraudulent payments.	**GAP_2**	Segregation of duties do not exist between procurement, invoice processing, check processing, and vendor maintenance.	A. Appropriation of funds for Finance Clerk position.	Town Council	7/1/2017
						B. Create and amend job descriptions as required.	TM and ATMF	COMPLETED
						C. Structure system access to only permit responsible position and backup position access.	ATMF	1/1/2018
						D. Fill Finance Clerk position.	TM and ATMF	11/1/2017
						E. Train Administrative Department staff and Administrative Assistant – Police in new or revised primary roles as well as backup roles.	ATMF	11/1/17-7/1/18
All	All	**R_12**	There is a loss of business continuity.	**GAP_11**	There is a lack of adequate cross-training for employees on different roles and responsibilities within the procurement and cash disbursement functions.	A. FC will have primary responsibility for accounts payable functions. ATMF will serve as backup to FC for accounts payable functions.	FC / ATMF	1/1/2018
						B. ATMF will have primary responsibility for procurement functions. TC will serve as backup to ATMF for procurement functions.	ATMF / TC	1/1/2018

Key for completion dates:

- Completion Date 1/1/2018
- Completion Date 11/1/17-7/1/18
- Completion Date 11/1/2017
- Completion Date 7/1/2017

Key for Positions:

ATMF - Assistant Town Manager for Finance
FC - Finance Clerk
FDC - Front Desk Clerk
TC - Town Clerk
TM - Town Manager

Attachment 2

DRAFT

(following review by B & F Committee review on
9-26-17 and staff edits through 10-19-17)

The Town Of Berryville

Procurement Policy Manual

Key:
Staff edits and updates are red
Budget & Finance Committee edits are green
Late edits by Staff
Edits after Sept Comm meeting (as of 10-19-17)

I. Purpose, General

The policies contained herein have been developed pursuant to the Virginia Public Procurement Act of the Code of Virginia § 2.2-4300 through § 2.2-4377 ("VPPA"). The VPPA has certain mandatory provisions and allows for the use of certain optional policies provided they are adopted in writing by the governing body and are based on competitive principles.

These policies are intended to provide the framework for procurement of materials, supplies, equipment, and services at the lowest possible cost consistent with the quality needed for the proper operation of municipal services. Our goal is the promotion of the Town's best interest through intelligent action and fair dealing which will result in obtaining the optimum value for each dollar spent as well as strengthening the public confidence in the integrity of public purchasing.

All forms referenced in the Policy are included in Attachment D of this Manual.

II. Policy

The Town of Berryville adopted the VPPA on September 11, 2012 as its procurement policy. A copy of the VPPA can be found at: https://dgs.virginia.gov/globalassets/business-units/dps/documents/vppa/virginia-public-procurement-act.pdf

III. Applicability

These policies and procedures apply to all contracts for the procurement of goods, services, insurance (exempt under § 2.2 4345(13) of the VPPA) and construction entered into by the Town involving any expenditure of public funds except those specifically exempted herein.

IV. Procurement Authority and Responsibility

The Town Manager has the ultimate responsibility to ensure that the acquisition of goods and services does not violate or circumvent state law, regulations, town ordinances or the provisions of this manual.

V. Delegation

The Town Manager may delegate the procurement of any goods or services to the Treasurer, Purchasing Agent or other responsible officials.

VI. Methods of Procurement

A. Small Purchase Policy

Berryville Small Purchase Threshold Matrix						
Type of Purchase	Estimated Cost	Required Authorization	Required Procurement Method	Process For Quotes	Minimum number of Solicited Quotes	Town Policy Section Reference
Goods, construction, Insurance and Other than Professional services	<$10,000	None	Request for quotation, written or verbal, and P-Card or Request for Payment	Oral or Written	1	1a
	>$10,000 to $20,000			Record of Solicitations for Price Quotes form	2	1b
	$20,000 to VPPA formal bid limit*	Dept. Head	Request for quotation, written or verbal, and PO	Record of Solicitations for Price Quotes form	3	2
Professional Services	<VPPA formal RFP limit*	Dept. Head	Written request for quotation, informal written quotes, and PO or contract	Record of Solicitations for Price Quotes form	3	3
Transportation -related Construction	<25,000	Dept. Head	Written request for quotation, informal written quotes, and PO or contract	Record of Solicitations for Price Quotes form	3	4

*As of 7/2017, the Virginia Public Procurement Act (VPPA) formal Invitation for Bid (IFB) limit is $100,000 and the Request for Proposal (RFP) limit is $60,000.

In this section *VPPA Limit* shall be defined as the threshold amount requiring competitive negotiation set in the VPPA.

The competitive pricing methods set forth below shall be followed for purchases not expected to exceed the VPPA Limit.

1a. Single Quotation (Up to ~~$5,000~~$10,000)

- Where the Town's estimated cost of goods or nonprofessional services is ~~$5,000~~ $10,000 or less, purchases may be made upon receipt of a minimum of one (1) written, telephone (oral) or electronic quotation. An invoice will constitute a quotation.
- If more than one quote is solicited, the award will be made to the lowest responsive and responsible bidder.
- Additional sources may also be solicited, and competition is encouraged.
- ~~A record of the quotation must be kept with the file. The Request for Payment form or the P-Card Expense Report will constitute a record of quotation.~~
- ~~If a telephone (oral) quote is solicited, a record shall be kept of the name and address of the vendor(s) contacted, the item description or service offered, price quoted, delivery dates and F.O.B. point, names of persons giving and receiving the prices and the date the information was obtained. Notation on the requisition form is considered to be an adequate record.~~
- Employees should seek additional competition whenever there is reason to believe a quotation is not a fair and reasonable price.
- P-Card is the preferred ~~payment~~ purchasing method. ~~The P-Card Expense Report must be signed by the card user and the Department Head. If the P-Card is not used, the Request for Payment form must be completed and signed by the Department Head.~~
- The purchasing limit of an employee is defined as the credit limit of the P-Card assigned to said employee.

1b. Two Solicitations for Quotation (>$10,000 to $20,000)

- Where the Town's estimated cost of goods or nonprofessional services is ~~$5,000~~ >$10,000 up to $20,000, purchases may be made upon ~~receipt of a minimum of one (1)~~ solicitation of two written, telephone (oral) or electronic quotations. An invoice will constitute a quotation.
- ~~If more than one quote is solicited, the award will be made to the lowest responsive and responsible bidder.~~
- Minimum of two quotes will be solicited. Additional sources may also be solicited, and competition is encouraged.
- Employees should seek additional competition whenever there is reason to believe a quotation is not a fair and reasonable price.
- P-Card is the preferred ~~payment~~ purchasing method.
- The purchasing limit of an employee is defined as the credit limit of the P-Card assigned to said employee.

2. Unsealed Bidding (Over ~~$5,000~~$20,000 to VPPA limit)

- Where the Town's estimated cost of goods or nonprofessional services is over ~~$5,000~~$20,000 to the small purchase limits set in the VPPA, solicit ~~four (4)~~ three (3) ~~responsible and potential bidders~~ valid sources, if available.
- Quotes must be verified on the Record of Solicitations for Price Quotes form to be completed and signed by the Department Head and attached to a Request for Purchase Order form.
- If fewer than the required number of sources are ~~solicited~~ obtained, the reasons shall be documented.
- Approved Purchase Order is required prior to purchase.

3. Unsealed Proposals (~~Over $5,000~~$20,000 Up to the VPPA limit)

- The Town may obtain required goods or services using an informal Request for Proposal up to the small purchase limits set in the VPPA.
- A written determination for the use of competitive negotiation is not required for unsealed or informal RFPs.
- ~~Advertisement of solicitation of the RFP, including newspaper publication, is required by the VPPA.~~
- The solicitation should include a cover sheet, a general description of what is being sought, the factors and weights to be used in evaluation, the Town's General Terms and Conditions (either in full or by reference), and any special terms and conditions including unique capabilities or qualifications that will be required.
- Offers may be opened and evaluated upon receipt. All responses must be received at the designated location by the date and hour stated in the solicitation.
- In lieu of an evaluation committee, the buyer or end user may solely evaluate and rank offers. Upon completion of the evaluation, negotiations shall be conducted with the offerors selected.
- Either an approved Purchase Order or a contract is required before goods are received or services rendered.

4. Transportation-related Construction (Up to $25,000)

- Per the VPPA, the Town may establish purchase procedures not requiring competitive sealed bids or competitive negotiation for single term contracts for transportation-related construction, if the aggregate or sum of all phases is not expected to exceed $25,000.
- Competition is encouraged. At a minimum, the solicitation will be listed on the Department of General Services central electronic procurement website.
- The solicitation should include a cover sheet, a general description of what is being sought, the factors and weights to be used in evaluation, the Town's General Terms and Conditions (either in full or by reference), and any special terms and conditions including unique capabilities or qualifications that will be required.
- Offers may be opened and evaluated upon receipt. All responses must be received at the designated location by the date and hour stated in the solicitation.
- In lieu of an evaluation committee, the buyer or end user may solely evaluate and rank offers. Upon completion of the evaluation, negotiations shall be conducted with the offerors selected.
- Either an approved Purchase Order or a contract is required before goods are received or services rendered.

B. Large Purchases (over VPPA limits)

In this section *VPPA Limit* shall be defined as the threshold amount requiring competitive negotiation set in the VPPA.

1. Competitive Sealed Bidding (IFB)

Competitive sealed bidding is the preferred method for acquiring goods, printing, capital outlay construction and non-professional services for public use when the estimated cost is over the VPPA limit.

- The goods or service to be procured when using this method must be capable of being described so that bids submitted by potential contractors can be evaluated against the description in the Invitation for Bids (IFB) and an award made to the lowest responsive and responsible bidder.
- When the terms and conditions of multiple awards are so provided in the Invitation for Bids, awards may be made to more than one bidder.
- Competitive sealed bidding includes the issuance of a written IFB containing the specifications or scope of work/purchase description and the contractual terms and conditions applicable to the procurement.
- The terms or conditions of the solicitation must include how the Town will publicly post the notice of the award or make the announcement of the decision to award the contract.
- IFBs must describe the requirements accurately and completely. Unnecessarily restrictive specifications or terms and conditions that unduly limit competition must be avoided.
- In addition to the public notice, bids are to be solicited directly from potential bidders. Any such direct solicitations shall include businesses selected from a list made available by the Department of ~~Minority~~ Small Business ~~Enterprise~~ and Supplier Diversity.
- In the competitive sealed bid process, bids are publicly opened and read aloud. The bids are evaluated based upon the requirements set forth in the IFB (if multiple awards are so provided in the solicitation, awards may be made to the lowest responsive and responsible bidders).

Preparation and Issuance of IFBs

Format:

- Prepare the IFB using the above guidelines.
- Establish a due date and time that will allow sufficient time for potential bidders to seek clarification and for the issuance of an addendum, if necessary.
- The due date shall not be less than 10 days from the issue date of the IFB.

Scope:

- Specify in detail the materials, equipment, and supplies to be furnished or the scope of work to be performed by the contractor, including or incorporating by reference the specifications, drawings and contractual terms and conditions applicable to the procurement.

Conferences/Site visits:

- All pre-bid conferences and/or site visits shall be mentioned in both the IFB and any advertisement.
- If attendance at such a conference or site visit is a prerequisite for bidding, the public notice period shall be long enough to provide adequate opportunity for potential bidders to obtain a copy of the IFB and attend.
- Any changes in the requirements of the solicitation must be made by written addendum.
- The due date for receipt of bids should not be less than 10 days after the issue date of the addendum.

Sources:

- Solicit at least six (6) valid sources, including a minority or women-owned businesses, if available, or advertise on the Virginia Department of General Services central electronic procurement website.
- If fewer than the required number of sources are solicited, the reasons must be documented in writing and placed in the purchase file.

Sealed Bids

Receipt, Opening, Evaluation, and Award:

Receipt:

- Bids shall be received until the date and time specified in the IFB.
- Bids are then publicly opened and read aloud.
- Late bids shall not be considered.

Opening:

- After bid opening, each bid is evaluated to determine if it is responsive to the IFB.
- The responsive bids are then evaluated according to the criteria and/or evaluation procedure described in the IFB to determine which is the lowest bid.

Evaluation:

- The lowest responsive bidder is then evaluated to determine if the firm is responsible.

Award:

- The contract is awarded to the lowest responsive and responsible bidder.

2. Competitive Negotiation (RFP)

General:

- The Town shall use competitive negotiation for the procurement of all professional services estimated over the VPPA limit.
- Competitive negotiation may be the procurement method used for goods and nonprofessional services when it is not practicable or fiscally advantageous to use competitive sealed bidding.

Preparation and Issuance of a Request for Proposal (RFP):

- A written RFP is issued to describe in general terms that which is to be procured.
- The RFP must specify and list the specific requirements to be addressed by the offerors that will be used in evaluating the proposals and will contain other applicable contractual terms and conditions, including any unique capabilities or qualifications required of the contractor.
- When the terms and conditions of multiple awards are so provided in the RFP, awards may be made to more than one offeror.
- The terms or conditions of the RFP must state the manner in which public notice of the award or the announcement of the decision to award shall be given by the public body.
- Advertisement of solicitation of the RFP, including newspaper publication, is required by the VPPA.

Format:

- Establish a proposal submission due date and time which provide sufficient time for potential offerors to develop a proposal.
- The minimum time period is ten (10) days from issue date of the RFP.
- The time period used may be greater than the required ten (10) days based on the complexity of the requirement and whether or not a preproposal conference is required.

Sources:

- RFPs shall be sent to at least six (6) valid sources, including a minority or women-owned businesses, if available, or advertised on the Virginia Department of General Services central electronic procurement website.
- If fewer than the required number of sources are solicited, the reasons must be stated in writing and placed in the purchase file.

Proposal Conferences:

- All preproposal conferences or site visits must be mentioned in the RFP and any advertisement of it.
- If attendance at such a conference or site visit is a prerequisite for submitting a proposal, the public notice period must be at least ten (10) days after issuance to provide adequate opportunity for potential offerors to obtain a copy of the RFP and attend.

Sealed Proposals (RFPs)

Receipt and Evaluation

Opening:

- Public openings of proposals are not required.

- If a public opening is held, the names of the individuals, or the names of firms submitting proposals in a timely manner, is the only information read aloud and made available to the offerors and general public.

Evaluation:

- The proposals are evaluated by the buyer, contracting officer, or an evaluation team if so desired and designated by the Town Council.
- As an option, evaluators may request presentations or discussions with offerors, as necessary, to clarify material in the offerors proposals, to help determine those fully qualified and best suited.
- Proposals are then evaluated on the basis of the criteria set forth in the RFP, using the scoring weights previously determined.
- All RFP responses are to be evaluated.
- Proposals not meeting requirements should be scored lower.
- Only bids in response to an IFB may be determined to be nonresponsive.
- Offerors may be given an opportunity to correct a deficiency in their proposals, within an appropriate period of time, as determined by the purchasing office.
- Offerors who fail to submit required documentation or meet mandatory requirements, in such time, for evaluation purposes may be eliminated from further consideration.
- Two or more offerors determined to be fully qualified and best suited are then selected for negotiation.
- Price is considered, but need not be the sole determining factor.

During the evaluation phase it may be determined that only one offeror is fully qualified, or that one offeror is CLEARLY more highly qualified than the others under consideration. A written determination shall be prepared and retained in the contract file to document the meaningful and convincing facts supporting the decision for selecting only one offeror and negotiating with that offeror. The determination shall be signed by the Town Manager or designee.

Negotiation and Award.

- Negotiations are conducted with each of the offerors so selected.
- Negotiation allows modification of proposals, including price.
- Offers and counter offers may be made as many times with each offeror as is necessary to secure a reasonable contract.
- After negotiations have been conducted with each of the selected offerors, the Town selects the offeror which, in its opinion, has made the best proposal.
- In all cases, written confirmation shall be obtained from the offeror on any modifications of the original proposal.
- Once an Intent to Award notice is posted, no further negotiation shall be conducted.

The Town may cancel a RFP, or reject proposals at any time prior to making an award.

The award documents shall incorporate, by reference, the terms and conditions of the RFP and the contractor's proposal, together with all written modifications thereof.

C. Cooperative Procurement

Cooperative procurement is available to the Town if a good or service has been procured by another public body with the stated intention that the procurement is to be shared cooperatively with other public bodies. The Cooperative Procurement form must be completed by the Department Head and signed by both the Department Head and the Town Manager or designee. The form must be attached to the Request for Purchase Order form, the Request for Payment form, or the contract.

Contracts based on cooperative procurement, exclusive of State contracts, valued over $100,000 will be forwarded by the Purchasing Agent to the Town Council for review no less than 45 days prior to the date a contract is expected to be signed. The Town Council may review the contract and take action. If no action is taken within 45 days, the contract is deemed acceptable to Town Council. The Purchasing Agent will check references for those contracts valued at over $100,000.

D. Sole Source Procurement

Definition:
A sole source procurement is authorized when there is only one source practicably available for the goods or services required. Competition is not available in a sole source situation; thus distinguishing it from a proprietary purchase where the product required is restricted to the manufacturer(s) stipulated, but is sold through distributors and competition between them can be obtained. Sole source justification based solely on a single vendor's capability to deliver in the least amount of time is not appropriate since availability alone is not a valid basis for determining a sole source procurement. For sole source requirements exceeding ~~$5,000~~ $10,000, a written quotation must be obtained from the vendor.

Approval for Sole Source Procurements up to the VPPA limit:

- All sole source procurements for goods and services up to the VPPA limit must be approved in advance by the Town Manager or designee, which shall be the chief purchasing officer. The Sole Source Procurement form must be completed by Department Head and signed by both the Department Head and the Town Manager or designee. The Sole Source Procurement form must be attached to the Request for Payment form or Purchase Order Request form.
- The written determination documenting that there is only one source practicably available for that which is to be procured, must be included in the procurement file.
- In addition, a memorandum must be attached to the request which addresses the four points shown in the next section. The writing shall document the basis for the determination, which should include any market analysis conducted in order to ensure that the good or service required was practicably available from only one source.

Approval for Sole Source Procurements Over the VPPA limit:

- All sole source procurements for goods and services over the small purchase limits set by the VPPA must be approved by the Town Manager prior to commencement of the actual

procurement. The Sole Source Procurement form must be completed by Department Head and signed by both the Department Head and the Town Manager or designee. The Sole Source procurement form must be attached to the Request for Purchase Order. A memorandum must accompany the request, which addresses the following four points:

1. Explain why this is the only product or service that can meet the needs of the town.
2. Explain why this vendor is the only practicably available source from which to obtain this product or service.
3. Explain why the price is considered reasonable.
4. Describe the efforts that were made to conduct a noncompetitive negotiation to get the best possible price for the taxpayers.

Negotiating and Award:

A contract shall be negotiated and awarded without competitive sealed bidding or competitive negotiation. In making sole source procurement, it is the buyer's or contracting officer's responsibility to negotiate a contract that is in the best interest of the Town.

Price Reasonableness Determination:

The buyer or contracting officer should carefully research the good or service to determine a fair and reasonable price.

Posting Requirements:

For sole source procurements over $50,000 public award notices ~~may be posted in the Town Office~~ must be posted beginning within 10 days of the award for a 30 day period on the Town website: www.berryvilleva.gov.

Award Document:

The Town must issue an award document (approved PO or contract) prior to purchase for sole source purchases over $20,000. When a quote has been obtained from the vendor and no further negotiations are needed, either a purchase order or an executed contract is ~~acceptable~~ required before goods are received or services are rendered.

E. Emergency Procurement

For Purchases over the $10,000 Single Quotation Threshold

Emergency Procurement is purchasing or contracting action in excess of the Town Single Quotation purchase threshold ($10,000) without soliciting the minimum number of quotes. An emergency procurement may be made when an emergency condition arises and the need cannot be met through normal procurement methods.

General:

- An emergency is an occurrence of a serious and urgent nature that demands immediate action.
- Emergency procedures may be used to purchase only that which is necessary to cover the requirements of the emergency.
- Subsequent requirements shall be obtained using normal purchasing procedures.
- The potential loss of funds at the end of a fiscal year is not considered an emergency.

Types of Emergency Procurements:

- The nature of the emergency will determine what pre-award action may be taken.
- For an emergency purchase required to protect personal safety or property, efforts should be directed to finding a source and directing the contractor to proceed; however, such procurement shall be made with such competition as is practicable under the circumstances.
- For other types of emergencies, competition should also be sought to the maximum extent practicable.

Award of Emergency Procurements:

- Unless the purchase is made by P-Card, the Town must prepare a confirming contract or ~~purchase order~~ request for payment form, as soon as practicable, after directing the contractor to proceed.
- Care should be taken to include in detail any agreements, including price, that were made orally with the contractor.
- ~~Prepare a written determination for signature by the Town Manager or designated representative indicating the nature of the emergency, the reason for selection of the particular contractor and include such determination with the file.~~
- The Emergency Procurement Justification form must be completed by the Department Head and signed by both the Department Head and the Town Manager or designee. The Emergency Procurement form must be attached to the Request for Payment, the contract, or the P-Card Expense report.

VII. General Procurement Policies

Adequate Competition

A sufficient number of sources must be solicited for the procurement of goods or services consistent with the method of procurement used.

Bidder's List

~~The Purchasing Agent shall be responsible, with the assistance from the various Department Heads, to maintain a current file of sources of goods, services, construction, etc., to be known as the Bidder's List. Any vendor can be included on the Bidder's List upon their request.~~ In lieu of a Bidder's List, the

Town will post all written solicitations on the Virginia Department of General Services central electronic procurement website and the Town website: www.berryvilleva.gov.

Vendor Registration

All new vendors must complete a Town of Berryville Vendor Registration/W-9 form before goods are received or services rendered. ~~doing business with the Town.~~

Ethics

See§ 2.2-4367 to § 2.2-4377 of the VPPA. See Attachment C

Solicitations

Amending a Solicitation

If it is necessary to amend a solicitation, prepare, post on the Virginia Department of General Services central electronic procurement website and the Town website: www.berryvilleva.gov, and send an addendum to all potential bidders or offerors who received a copy of the solicitation or who attended a pre-bid or pre-proposal conference.

Canceling a Solicitation

An Invitation for Bid, a Request for Proposal, any other solicitation, or any and all bids or proposals, may be canceled or rejected. When canceling a written solicitation all vendors who have been issued a solicitation must be notified, and the notice must be publicly posted on the Virginia Department of General Services central electronic procurement website and the Town website: www.berryvilleva.gov.

Performance and Payment Bonds

Upon the award of any public construction contract exceeding $100,000 awarded to any prime contractor, such contractor shall furnish the town with the following bonds:

1. A performance bond in the sum of the contract amount conditioned upon the faithful performance of the contract in strict conformity with the plans, specifications, and conditions of the contract.

2. A payment bond in the sum of the contract amount. The bond shall be for the protection of claimants who have and fulfill contracts to supply labor or materials to the prime contractor to whom the contract was awarded, or to any subcontractors, in the furtherance of the work. "Labor or materials" shall include public utility services and reasonable rentals of equipment, but only for periods when the equipment rented is actually used at the site.

Each of the bonds shall be executed and made payable to the Town of Berryville by one or more surety companies selected by the contractor that are authorized to do business in Virginia and filed with the purchasing office that awarded the contract or a designated official thereof within 10 days after receipt of the purchase order or notice of award.

Nothing in this section shall preclude the town from requiring payment or performance bonds for construction contracts below $100,000.

Alternative Forms of Security

A certified check or cash escrow may be accepted in lieu of a bid, payment, or performance bond. If approved by the Town Manager (after consultation with the Town Attorney if necessary), a bidder may furnish a personal bond, property bond, or bank or savings and loan association's letter of credit on certain designated funds in the face amount required for the bid, payment, or performance bond. Approval shall be granted only upon a determination that the alternative form of security proffered affords protection to the town equivalent to a corporate surety's bond.

Contracts/Purchase Orders and Modification Restrictions

The Department Head's signature will be required on Purchase Order Request forms. A contract or purchase order may not be modified or renewed unless provided for in the original contract or solicitation. No additional consideration or increase in contract price may be paid to the contractor because of renewal unless specifically authorized under the original contract.

- Purchases Up to the VPPA limit - Cumulative contract modifications to purchases made under small purchase procedures shall not exceed 25% of the original contract price without advance written approval of the Town Manager.

- Purchases over the VPPA limit - A contract may include provisions for modification of the contract during performance, but no fixed-price contract may be increased by more than 25% of the original amount of the contract or $50,000, whichever is greater, without the advance written approval of the Town Manager.

Bill Payment Policy

The Department Head's signature will be required on the Purchase Order or Request for Payment forms before processing. The Town Treasurer shall make payment in full (unless an alternate payment plan has been agreed upon) for all goods delivered or services rendered within thirty days of receipt of the bill.

Department heads shall submit bills for payment by the fifth and twentieth of each month.

No goods or services shall be deemed received until such goods are completely delivered and found acceptable by the department head. For purposes of determining whether or not payment was made in accordance with this policy, payment in full shall be considered to be made on the date the check for payment was mailed or otherwise transmitted.

When a bill submitted to the Town of Berryville is incorrect or when there is a defect or impropriety in a bill submitted, the respective department head shall notify the creditor in writing prior to the date on which payment in full is due. The notice shall contain a description of the defect or impropriety and any other additional information to enable the creditor to correct the bill. Upon receiving a corrected bill, the Town of Berryville shall make payment in full on or before the thirtieth calendar day after receipt of the corrected bill.

Bill payments will be processed at least twice a month. A register of all checks issued and all P-card purchases each month shall be presented to Town Council.

The Town Manager or designee may approve payment in cases wherein the Policy has not been adhered to. In such instances, the Town Manager will document the specific circumstances on the Request for Payment form or the Request for Purchase Order.

Documentation of Files

A complete file ~~should~~ will be maintained in one place for each purchase transaction, containing all the information necessary to understand the why, who, what, when, where and how of the transaction.

Nondiscrimination

In the solicitation, awarding or administration of contracts, the Town shall not discriminate because of the race, religion, color, sex, age, disability, or national origin of the bidder, offeror, or contractor (Code of Virginia, § 2.2-4310A).

(THE FOLLOWING SECTION HAS BEEN MOVED TO TERMS & CONDITIONS)

~~Employment Discrimination Prohibited~~

~~Employment discrimination by contractor prohibited; required contract provisions. All public bodies shall include in every contract of more than $10,000 the following provisions:~~

~~During the performance of this contract, the contractor agrees as follows:~~

~~a. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.~~

~~b. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.~~

~~c. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.~~

~~The contractor will include the provisions of the foregoing paragraphs a, b and c in every subcontract or purchase order of over $10,000, so that the provisions will be binding upon each subcontractor or vendor.~~

Preferences

Berryville Vendors and Products

In the event of a tie bid, preference is given to goods produced in Berryville, goods or services or construction provided by Berryville persons, firms or corporations. In the event that this provision does not resolve the tie, preference is given to goods produced in Virginia, goods or services or construction provided by Virginia persons, firms or corporations.

Recycled Paper and Paper Products Preference VPPA § 2.2-4313

In determining the award of any contract for paper and paper products the town ~~shall~~ may award to the lowest responsible bidder offering recycled paper and paper products of a quality suitable for the purpose intended, so long as the bid price is not more than 10% greater than the bid price of the low responsive and responsible bidder.

Public Access to Procurement Records

- Except as provided in this section, all proceedings, records, contracts and other public records relating to procurement transactions shall be open to the inspection of any citizen, or any interested person, firm or corporation, in accordance with the Virginia Freedom of Information Act (§ 2.2-3700 et seq.)

- Cost estimates relating to a proposed procurement transaction prepared by or for a public body shall not be open to public inspection.

- Any competitive sealed bidding bidder, upon request, shall be afforded the opportunity to inspect bid records within a reasonable time after the opening of all bids but prior to award, except in the event that the Town Manager decides not to accept any of the bids and to reopen the contract. Otherwise, bid records shall be open to public inspection only after award of the contract.

- Any competitive negotiation offeror, upon request, shall be afforded the opportunity to inspect proposal records within a reasonable time after the evaluation and negotiations of proposals are completed but prior to award, except in the event that the Town Manager decides not to accept any of the proposals and to reopen the contract. Otherwise, proposal records shall be open to public inspection only after award of the contract.

- Any inspection of procurement transaction records under this section shall be subject to reasonable restrictions to ensure the security and integrity of the records.

- Trade secrets or proprietary information submitted by a bidder, offeror or contractor in connection with a procurement transaction or prequalification application submitted pursuant to subsection B of § 2.2-4317 shall not be subject to the Virginia Freedom of Information Act (§ 2.2-3700 et seq.); however, the bidder, offeror or contractor shall (i) invoke the protections of this section prior to or upon submission of the data or other materials, (ii) identify the data or other materials to be protected, and (iii) state the reasons why protection is necessary.

Publicly Posted Notices

All solicitations for goods and services over $50,000 shall be posted ~~in the Town Office~~ on the Town website: www.berryvilleva.gov.

Award Notices over $50,000 must be posted ~~in the Town Office~~ on the Town website: www.berryvilleva.gov, for a ten (10) day period immediately following the ~~actual time~~ date of award. The procurement records must be available for review by any bidder or offeror at the time a Notice of Intent To Award or an Award Notice is posted.

Responsible Bidder or Offeror

In determining a responsible bidder or offeror, a number of factors, including but not limited to the following, are considered. The vendor should:

- be a regular dealer, supplier, or when required in the solicitation an authorized dealer of the goods or services offered;
- have the ability to comply with the required delivery or performance schedule, taking into consideration other business commitments;
- have a satisfactory record of performance;
- have a satisfactory record of integrity; and
- have the necessary facilities, organization, experience, technical skills, and financial resources to fulfill the terms of the purchase order or contract.

Responsive Bid

- To be considered for an award, a bid must comply in all material respects with the Invitation for Bids.
- Responsiveness relates to compliance with the provisions of the solicitation, including specifications and terms and conditions.

- Failure to comply with the requirements set forth in the Invitation for Bids may result in a bid being declared nonresponsive, e.g., failure to sign a bid, failure to return the required bid documents, substitution of vendor's terms, deletion of terms and conditions stated in the Invitation for Bids, failure to offer a product or service that meets the requirements of the Invitation for Bids, etc.
- A bidder who fails to provide prices for all categories of labor in the pricing schedule of a time and materials service contract is considered nonresponsive.
- This is true whether the price was left blank or the bidder entered a figure of $0. Bidders who provide multiple prices for performing a service where a single price was solicited are also nonresponsive.

VIII. Guidelines for Procurement

This section contains general guidelines for procuring goods and services.

Administrative Lead-Time

Administrative lead-time is that period of time from initiation of the requirement by the user to issuance of an award. For routine procurements where informal written solicitations are used, the minimum time required to prepare, solicit, evaluate, and make an award may take from three (3) days up to thirty (30) days. When competitive sealed bidding or competitive negotiation is used, the time required by the purchasing office may be longer.

Selection of Procurement Method

It is important to select the proper procurement method. The estimated or anticipated value of the contract must be determined first, unless the purchase is an emergency. The anticipated value of the contract includes the dollar value for the initial period of the contract, and includes all possible renewal periods. The expected trade-in value of equipment should not be considered when determining the anticipated value of a contract.

Preparing the Written Solicitation

Solicitations should convey to the reader, in a clear, concise and logical sequence, the information necessary to answer the basic questions of who, what, why, where, when and how.

~~Terms and Conditions~~

~~See section VIII of this manual.~~

Contract Period

- Term contracts normally cover a 12 month period or cite a specific time for completion for the project or service.
- A solicitation for a multi-year contract, or one that includes an option on the part of the town to renew the contract for an additional period, may be advantageous and should be considered; however, in determining the value of the contract and procurement method, all possible renewal periods must be included.

- Multi-year programs are subject to availability of funds, and each solicitation covering a multi-year period must contain an availability of funds clause.
- If price adjustments are to be permitted during the contract period, the conditions under which they are authorized must be specified in the original solicitation and resulting contract.
- The town should review all multi-year contracts at least annually to determine if the goods or services are still required, if prices are fair and reasonable based on the current market conditions, and if performance is satisfactory.
- Multi-year contracts including options to renew normally should not exceed 5 years.

Specifications

Solicitations of offers, whether by formal advertising or negotiations, shall incorporate a clear and accurate description of the technical requirements for the material, product, or service to be purchased. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a "brand name or equal" description (see Use of Brand Names below) may be used as a means to define the performance or other salient requirements of a procurement.

Invitations for bids and requests for proposals shall clearly set forth all requirements which bidders must fulfill in order for bids and proposals to be properly evaluated. Factors to be used in evaluating bids or proposals shall be clearly stated in the solicitation to enable bidders to know how their bids or proposals will be evaluated. If a solicitation requires a listing of subcontractors or sub-item vendors, a bidder's failure to list such shall make that bid nonresponsive.

Use of Brand Names

Unless otherwise provided in the Invitation for Bid, the name of a certain brand does not restrict bidders to a specific brand, make or manufacturer's name, but conveys the general style, type, character and quality of the article desired. Any article that the Town, in its sole discretion determines to be the equal of that specified, considering quality, workmanship, economy of operation and suitability for the purpose intended shall be acceptable.

Vendor Assistance in Specification Preparation

Advice or assistance may be received from a vendor in identifying the features and characteristics needed by the town; however, no person who, for compensation, prepares an Invitation to Bid or Request for Proposal for or on behalf of a public body shall (i) submit a bid or proposal for that procurement or any portion thereof or (ii) disclose to any bidder or offeror information concerning the procurement which is not available to the public.

Order Splitting Prohibition

The placement of multiple orders within other than a reasonable time period to one or more vendors for the same, like, or related goods or services to avoid using the appropriate method of procurement or to remain within delegated purchasing authority is prohibited. Order splitting results in higher administrative cost to the town. Requirements should be combined when practical to obtain quantity discounts and other administrative efficiencies.

Freight

~~F.O.B. Destination~~ It is the basic policy of the Town of Berryville to solicit bids for goods Freight on Board (F.O.B.) Destination, which means that freight charges are paid by the seller who owns and assumes all risk for the goods until they are accepted at the designated delivery point. The cost of shipping the goods may be included in the quoted price or by the bidder or offeror as a separate line item.

Insurance

Whenever work is to be performed on town owned or leased property or facilities, the contractor shall be required to have Workers' Compensation, Employer's Liability, Commercial General Liability and Automobile Liability, and in certain types of programs Professional Liability/Errors and Omissions insurance coverage as specified by Virginia Municipal League recommendations (see Attachments A and B).

IX. Contract Administration

General:

Contract administration begins after award of the contract. Its purpose is to assure that the contractor's and Town's total performance is in accordance with the terms and conditions of the contractual agreement. The integrity of the public purchasing system demands that goods or services be furnished, received, invoiced and paid as specified in the contract.

Contract Administrator:

- The administrator should be the end user of the contract or one who has a vested interest in the procurement who will be responsible for the proper adherence to all contract specifications by the contractor. The administrator will be named by job position in the contract.
- Contract administration shall be delegated by the buyer designating a specific individual or position, highlighting important aspects of the contract, and distinguishing between the administrator's authority and that which must remain a function of the purchasing office.

~~**Procurement Records**~~ **Contract Files:**

- A complete file ~~should~~ will be maintained in the Town Office for each purchase transaction, containing all the information necessary to understand the why, who, what, when, where and how of the transaction.
- Generally, records are open to the public in accordance with the Virginia Freedom of Information Act and should be made available for review after the award has been made.

~~Instructions for Bill Payment Policy~~

~~The Department Head's signature will be required on the Request for Payment forms before processing. The Town Treasurer shall make payment in full (unless an alternate payment plan has been agreed upon) for all goods delivered or services rendered within thirty days of receipt of the bill.~~

~~Department heads shall submit bills for payment by the fifth and twentieth of each month.~~

~~No goods or services shall be deemed received until such goods are completely delivered and found acceptable by the department head. For purposes of determining whether or not payment was made in accordance with this policy, payment in full shall be considered to be made on the date the check for payment was mailed or otherwise transmitted.~~

~~When a bill submitted to the Town of Berryville is incorrect or when there is a defect or impropriety in a bill submitted, the respective department head shall notify the creditor in writing prior to the date on which payment in full is due. The notice shall contain a description of the defect or impropriety and any other additional information to enable the creditor to correct the bill. Upon receiving a corrected bill, the Town of Berryville shall make payment in full on or before the thirtieth calendar day after receipt of the corrected bill.~~

~~The Treasurer, Town Manager and a designated member of Town Council shall review bills submitted for payment before payment is made. Bill payments will be processed at least twice a month. A register of all checks issued and all P-card purchases each month shall be presented to Town Council.~~

Contract Renewal and Extension

Renewal:

- A term contract may contain a renewal clause describing the conditions under which it may be renewed for a stipulated period of time.
- However, no contract may be renewed and no additional consideration may be paid unless specifically provided for in the original contract.
- Price increases should not be given automatically at renewal.
- It is the responsibility of the contractor to request a price increase, if desired, up to the amount authorized by the index referenced in the contract. The Town may then negotiate the amount of the increase up to the indexed amount.

Extension:

The town may extend the term of an existing contract for services to allow completion of any work undertaken but not completed during the original term of the contract. No additional consideration exceeding the contracted price may be paid to the contractor. Also, in exceptional or extenuating circumstances a contract may be extended by mutual consent for a limited period of time, not to exceed six (6) months. This action should be taken in writing prior to the expiration of the current contract.

Vendor Performance

Default. A contractor is considered in default if he or she fails to perform in accordance with the terms and conditions of the contract.

If it is determined that a contractor is in default, a Vendor Complaint form should be issued and distributed followed by a "Notice to Cure" if unacceptable vendor response, resolution, or action is received. A cure letter may also be issued at the same time as the Vendor Complaint form.

Vendor Performance Complaints. Complaints and/or discrepancies on vendor performance should be reported as they occur using the Vendor Complaint Form. Vendors are required to respond to the Town within ten days. Failure to do so may result in removal from the Vendors List.

Notice to Cure. A Cure letter is used when a contractor has failed to perform or deliver as substantiated by a Vendor Complaint form. It provides the contractor a period of time to correct or "cure" the deficiency and places the contractor on notice as to the consequences for failure to take the required corrective action. The notice may be given either orally or in writing advising the contractor that non delivery or non-conformance is a breach of a contract and, if the deficiency is not corrected within a stated number of days, the Town will terminate the contract for default and hold the contractor liable for any excess costs.

Termination for Default and Re-procurement Costs. Upon the expiration of the time period stated in the "Notice to Cure," if a satisfactory resolution has not been reached, the contractor will be sent a Termination for Default letter, and the buyer will take repurchase action. ~~This~~ The Termination for Default letter states that the contract is being terminated for default and that when the Town repurchases the goods or services, any additional cost will be billed to the Vendor in default. If the repurchase results in increased costs to the Town, a letter shall be sent to the delinquent contractor demanding payment of the excess costs. Until the excess repayment costs have been received, the contractor shall be removed from the Vendors List. If repayment has not been made by the end of the specified period of time, subsequent collection action shall be taken in accordance with the Town's collections procedures.

Debarment. In addition to the above default procedures, concurrent action to have the defaulted contractor debarred shall be initiated by sending a letter to the Town Manager recommending debarment and providing all the pertinent facts to support that recommendation. Debarment means action taken by the Town Manager to exclude individuals or firms from contracting with the Town. Debarment does not relieve the contractor of responsibility for existing obligations.

X. Employee Responsibility

Employees shall follow the Town Procurement Policy as written. Violation of the Policy will subject an employee to disciplinary action up to and including termination, depending upon the severity and number of said violations.

Attachment 3

The Town Of Berryville

Purchasing Card Policies and Procedures

Draft

(following review by Budget & Finance Committee review on 8-24-17)

Key:
Staff edits and updates are red
Budget & Finance Committee edits are green

I. Purpose, General

The purpose of the purchasing card program is to provide the Town of Berryville with an efficient and reliable way to make purchases. The purchasing card should be used as an alternative to vendor direct billing.

II. Background

Purchasing cards can simplify and expedite procurement but use of these cards requires strict adherence to internal control procedures and a commitment to accompanying accounting procedures. In most cases, card use reduces staff procurement efforts, allows internet purchases; shortens delivery time and increases financial tracking and control efforts.

III. Participation

Unless otherwise specified, the authority to use the purchasing card (p-card) will be delegated to all departments, referred to as "department" hereafter.

The Town Manager may terminate, suspend or limit a department's p-card program. The Town Manager is authorized to terminate, suspend or limit a particular individual card.

IV. Rebate

The rebate that is earned on qualifying purchases and paid by the issuing bank will be deposited in the Town's General Fund for administrative and processing costs.

V. Roles

Program Administrator
The Treasurer manages the purchasing card program and is responsible for establishing and enforcing card related policies and procedures and serves as Program Administrator. The Treasurer may delegate purchasing card duties to Finance Department staff.

Department Head
The Department Head or designee is responsible for all aspects of the department's purchasing card program. The Department Head monitors card activity to ensure compliance with the Procurement Policy, the Purchasing Card Policy, and ensures that vendor receipts, invoices and delivery documentation are retained for each purchase. , ~~in accordance with established policies and procedures~~. The Department Head serve as the primary contact for the department and will review and reconcile all posted card transactions.

Cardholder
The Cardholder is an individual employee assigned a card with his or her name imprinted on it. The cardholder is responsible for using the card in accordance with the Procurement Policy and the

Purchasing Card Policy ~~this policy.~~ The cardholder is responsible for card activity and retaining vendor receipts, invoices and delivery documentation. The cardholder is also responsible for signing and submitting ~~required documentation~~ the P-card Expense Report Form, in a timely manner, for coding and approval to the Department Head. ~~designated person in their department.~~

VI. Process Overview

Establishing an Individual Card Account
Departments request cards for an individual by submitting an application to the Treasurer. This card will be imprinted with cardholder name. The application indicates the department, card limit requested, full name of cardholder and contact information.

Obtaining Cards from Bank of America
The Treasurer receives/reviews the application and submits to BOA through WORKS. The bank establishes a new account and forwards the new card to the Administrator. The Administrator distributes the card to the Department Head and the cardholder activates the account.

Card Use
The department uses the card in accordance with this policy, the Procurement Policy, and the department's own internal control procedures.

Billing and Payment Process

The Department Head will have access to a master departmental summary of charges. This will serve as a statement to reconcile charges. Once reconciled and reviewed (see process below) the departmental summary will be forwarded to the Finance Department for payment through the regular scheduled bill cycle.

There is a 25 day grace period, from the statement date, to make payment in full. Payment in full MUST be made each month. This requires specific attention to timely submission of the monthly statement to accounts payable in order to make payments by the due date.

In order to meet the payment deadlines, it is advised that reconciliation be a continuous process throughout the month. This will expedite the process. The charges for the cardholder who serves as the Department Head must be reviewed by the Treasurer.

Reconciliation and Review
Purchasing card reconciliation is the process of verifying the accuracy of all posted card transactions (charges and credits). ~~There are two (2) options for m~~Monthly reconciliation~~, reconciliation by the cardholder or reconciliation~~ is performed by the Department Head.

~~Reconciliation by cardholders – The cardholder is responsible to reconcile the bank record of transactions to the actual receipts to verify that all charges are proper and the correct amounts have been charged. The monthly statement must be reconciled and sent to the Department Head. It is essential that the following steps are taken when reconciling the monthly statement:~~

- ~~Compare backup documents to the transactions listed on the statement;~~
- ~~Ensure any exceptions are followed-up for corrections;~~
- ~~Sign the monthly statement (or individual receipts) documenting your review and certification that all purchases listed are correct and made for official purposes which meet the appropriate business needs;~~
- ~~Attach the receipts to the statement and forward all documents to the Department Head for review.~~

Reconciliation by Department Head – The Department Head is responsible to reconcile the bank record of transactions to the actual receipts, for all department cardholders, to verify that all charges are proper and the correct amounts have been charged. ~~Receipts are submitted by the cardholder to the Department Head~~. A signed P-card Expense Report form and the receipts are submitted by the cardholder to the Department Head. The Department Head verifies the charges, signs the P-card Expense Report form and forwards it to the Finance Department. When a purchase order is required, it must be attached to the P-Card Expense Report.

- ~~Compare backup documents to the transactions listed on the department billing;~~
- ~~Ensure any exceptions are followed-up for corrections;~~
- ~~Sign the summary sheet documenting your review and certification that all purchases listed are correct and made for official purposes which meet the appropriate business needs;~~
- ~~Review – Once all statements/receipts are received by the Department Head from the cardholders, the Department Head will prepare a payment summary which indicates the proper expenditure codes and payment amounts. The Department Head should also review individual statements/charges to ensure compliance to the policies and procedures. The Department Head will sign and date the payment summary and submit to the department head for approval.~~
- ~~Once approved the entire package will be forwarded to the Finance Department for payment through the regular scheduled bill cycle.~~

Card Use by Reviewing Department Head – If the reviewer uses the card, the P-Card Expense Report must be reviewed by the Treasurer. If the Treasurer uses the card, the P-Card Expense report reconciliation must be reviewed by the Town Manager. The reviewer must sign and date the ~~reconciliation.~~ P-Card Expense Report.

Statement Due Dates

The billing cycle ends on the last business day of each month with the payment due around the 25th of each month. REMEMBER – transactions can be viewed online by the Department Head at any time. This will expedite the process rather than waiting for the end of the cycle. Statements will be due to the Finance Department on dates set by Finance.

VII. Card Uses

Subject to the limitations discussed in this policy, the p-card may be used in accordance with the Procurement Policy for the following:

- Travel Expenses;
- All goods and services; and

- Telephone and Internet ordering.

Purchasing cards may NOT be used for the following:

- Cash Advances;
- Personal Purchases of any kind;
- Purchases by Non-Employees;
- Split Purchases – A split purchase is one in which the original purchase requirement for the same or related goods or services is broken into multiple smaller purchases which are made over a short period of time. In most cases a split purchase is created to circumvent the procurement policy and/or a card's single purchase or cycle spending limits; and
- Other purchases prohibited by town policy.

VIII. Card Limits

The Town Manager in consultation with the Treasurer and Bank of America representatives shall approve all card limits including single transaction limits, cycle limits and authorizations per day.

The Town Manager in consultation with the Treasurer and Bank of America representatives shall establish Merchant Category Codes to block purchases from certain categories of vendors to ensure that cards cannot be used for improper purposes.

IX. Program Training

Department Head Training
All Department Heads are required to attend Department Head training. The Finance Department in conjunction with Bank of America will provide this training to primary Department Heads.

Card User Training
Departments are required to provide training in conjunction with Bank of America to all cardholders and users prior to their first card use.

X. Card Characteristics

Card Plastic
Card plastics will include the following information: TOWN OF BERRYVILLE, VA – FOR OFFICIAL USE ONLY – TAX EXEMPT #XXXXXXXXXXXX. Card Imprint

Card names are assigned by the department. Each line has a maximum of 24 characters, including spaces. Each card name shall include:

- Line 1 – Individual's legal name
- Line 2 – Department name

Signature on Card
Cards shall be signed by the individual whose name appears on the card.

Card Security
Except for cards in personal possession, cards should be kept in secure location while not in use. Access to the location should be limited to those individuals who are permitted to access the card.

XII. Other Program Requirements

Sales Tax Exemption
Most town purchases are exempt from Virginia state sales tax. When making a p-card purchase, card users should remind the vendor of our tax exempt status and examine the receipt to verify sales tax was not charged. By state statute, the town is not exempt from sales tax for meals, catered events, lodging or other accommodations. The town is not exempt from sales tax imposed by other states on goods and services purchased outside of Virginia.

Employee Acknowledgement Disclosure Form
A Cardholder/User Agreement form must be signed before a new card is issued and at each instance that a card is re-issued to the same individual, including the reissue of expired cards. The form acknowledges the employee's responsibilities regarding card use and sets forth consequences for card misuse. The Treasurer shall maintain the signed forms at least 3 years following the employee's termination of employment.

Receipts
Vendor receipt, invoice or credit slip must be retained for each transaction. Receipts should show all details pertinent to the transaction, including date of purchase, vendor name and location, item(s) purchased with corresponding description(s) and price(s), and the total amount paid. These documents shall be attached ~~with the appropriate monthly statement~~ to the P-Card Expense Report.

- Alternate Receipt –Department may use an alternate receipt, such as an internet screen print or faxed receipt. The receipt should contain the same level of detail required for an original receipt.
- Missing Receipt – If, for any reason, an original, alternate or photocopied receipt is unavailable, a Missing Receipt Affidavit providing the purchase details and reason why a receipt is not available must be included with the appropriate monthly statement. Documentation in lieu of missing receipts must be signed and dated by the Cardholder and the Department Director.

Document Retention
Program documents must be retained for a minimum of three (3) years.

Card Management Software
Bank of America Merrill Lynch provides WORKS p-card management software online. This software will allow a user to view transactions at any time, run reports, electronically allocate transactions, etc. Upon request, Cardholders will only be granted access to view information of their own card accounts and Department Heads will be given greater access to create reports and manage all department cardholders.

Problem Resolution
The Department Head should attempt to resolve disputes directly with the vendor and/or the bank. If unable to resolve directly within a reasonable time period, contact the Treasurer for assistance. Any adjustment to billing will be made on subsequent statements.

Dispute Procedures
Dispute procedures are defined by the town's purchasing card contract with Bank of America Merrill Lynch. The contract requires that disputed items be identified within 60 days of the billing close date for the cycle in which the disputed charge appears on the monthly statement. Disputed charges must be identified to BAML by completing the online dispute form in WORKS or by contacting BAML Customer Service and receiving the document in the mail. Although items identified outside the 60 day period may still be disputed, the town's legal standing in the matter is decreased. Dispute rights for department cards are significantly limited.

Lost or Stolen Cards
Lost or stolen cards shall be reported to Bank of America Merrill Lynch and the Department Head immediately. The bank provides a 24 hour toll free telephone number for this purpose. The number is included on the paperwork that accompanies each new card. The Department Head must also notify the Treasurer immediately. All card users should be aware of the procedure for reporting a lost or stolen card, including how to proceed if the Department Head is not available at the time the loss is discovered.

Reissue of a Lost or Stolen Card
To request a replacement of a lost or stolen card, forward a memo from the department director to the Treasurer. The memo should describe the circumstances surrounding the card loss and the steps taken to ensure against future losses. The Treasurer will evaluate each incident on an individual basis to determine whether or not to issue a replacement card.

Card Cancellation
If a department wishes to cancel a card, the Department Head should submit the original cardholder application, with the effective date and reason for cancellation completed, to the Treasurer. The Department Head must destroy any cancelled card(s). If there is an urgent need to cancel a card, contact the Treasurer for immediate assistance. Remember that lost or stolen cards may be reported directly to the bank through a 24 hour toll free number.

Card Changes
If the department wishes to change any aspect of a card, including address and card limits, the Department Head should submit card changes to the Treasurer.

Violations of Policy
The purchasing card is an opportunity for town staff to maximize efficiency in the procurement of goods and service; however, this concession can be terminated for violation of the policies and procedures outlined in the document. It is the responsibility of the Department Head to maintain a violation log. If a user violates the policies and procedures, potential repercussions include, but are not limited to:

- Warning letter sent by the Department Head;
- Suspension of card privileges; and/or
- Employee termination.

Examples of violations include, but are not limited to:

- Personal purchases;
- Purchase of restricted commodities;
- Split purchasing;
- Failure to obtain and forward supporting documentation for all card transactions;
- Lack of timely and proper reconciliation of monthly statements; and/or
- Use of the card by anyone or any department other than the authorized user.

Fraud and Misuse

Deterrence

Any employee or official to whom a P-Card is issued is responsible to actively protect the P-Card from fraud and misuse. The following guidelines should be followed:

- Limit Card Access – Maintain cards in a secure environment.
- Protect Card Information – Information regarding cards should be protected. This is to include card account number, name and expiration date. File reports that contain card numbers in locked file cabinets. When discarding reports or other paperwork containing card information, shred documents. Assure security of card materials that are maintained electronically. Do not send emails which contain card numbers and/or expiration dates.

Town Administration is responsible for actively protecting all credit card information, including un-issued P-Cards, from fraud and misuse.
The following guidelines should be followed:

- Limit Card Access – Maintain cards in a secure environment.
- Protect Card Information – Information regarding cards should be protected. This is to include card account number, name and expiration date. File reports that contain card numbers in locked file cabinets. When discarding reports or other paperwork containing card information, shred documents. Assure security of card materials that are maintained electronically. Do not send emails which contain card numbers and/or expiration dates.
- Establish Reasonable Card Limits – Establish reasonable spending and transaction limits. This will limit risk in the event the card or card number is lost or stolen.

- Maintain Adequate Separation of Duties – Divide the card custodian and the accounting/reconciliation duties among employees. Conduct proper upper management review of transactions and supporting receipts and associated documentation.

Occurrence of Fraud or Misuse

If fraud or misuse is suspected, ~~the Department Head~~ any employee shall contact the Town Manager immediately for further guidance.

Compliance Reviews

The card program is subject to review by the Town Manager and both internal and external auditors.