

TOWN OF BERRYVILLE, VIRGINIA



Internal Audit of Cash Disbursements and Procurement

June 5, 2017



ASSURANCE, TAX & ADVISORY SERVICES

TOWN OF BERRYVILLE, VIRGINIA

TABLE OF CONTENTS

Transmittal Letter	1
Overview	2
Objectives and Approach	3
Procurement Process Narrative and Mapping	4 – 19
Cash Disbursements Process Narrative and Mapping	20 – 28
Significant Risks and Controls Matrix	29 – 30
GAP Log	31 – 32
Issues and Recommendations	33 – 34
Appendix A: Example of Purchasing Guidelines	35 – 36
Appendix B: Procurement Policy Manual – as of September 2012	<i>attached</i>
Appendix C: Purchasing Card Policies and Procedures – as of December 2012	<i>attached</i>
Appendix D: Fuel Card Policies and Procedures – as of January 2013	<i>attached</i>
Appendix E: Town Code, Sec. 2-6 – as of July 2006	<i>attached</i>



June 5, 2017

To the Honorable Members of Town Council
Town of Berryville, Virginia
101 Chalmers Court
Berryville, Virginia 22611

Pursuant to our Internal Audit Services Agreement RFP #FIN-2017-001, we hereby present the internal audit of the Town of Berryville, Virginia's (Town) cash disbursements and procurement processes. Our report is summarized into the following sections:

- ❖ Overview
- ❖ Objectives and Approach
- ❖ Procurement Process Narrative and Mapping
- ❖ Cash Disbursements Process Narrative and Mapping
- ❖ Significant Risks and Controls Matrix
- ❖ GAP Log
- ❖ Issues and Recommendations

We appreciate the courtesies and cooperation extended to us from all of those involved in assisting us in connection with our internal audit.

Respectfully submitted,

PB Mares, LLP

Town of Berryville, Virginia

Overview

The Town of Berryville, Virginia (Town) contracted with PBMares, LLP to review and assess the Town's cash disbursements and procurement processes, provide process and control documentation and mapping, define any significant risks and assess how they are managed, assess the controls in place and identify any significant failings or weaknesses, consider whether the findings indicate a need for more extensive monitoring of the system of internal controls and provide examples of best practices to remediate the deficiencies. The internal audit included, but was not limited to, the following procedures: reviewing and analyzing existing policies and procedures, interviewing key personnel, documentation and mapping of processes and detailed transaction testing of cash disbursements and procurements for the period from July 2015 through April 2017. Our approach focused on determining whether proper controls existed and whether existing controls are appropriate for mitigating certain financial and operational inherent risks.

Overall, the Town's internal controls were found to be improperly designed for the cash disbursements and procurement processes. While internal control weaknesses were found, the testing did not identify any instances of fraud or abuse of Town funds. The internal audit team identified the following areas where internal controls need improvement:

1. Segregation of duties
2. Implementation and enforcement of purchasing guidelines and procedures
3. Wire transfers / ACH payment approval
4. Cross-training of staff

Detailed issues and recommendations are included in this report.

The recommendations provided focus principally on the need for the revision of existing policies, implementation of new procedures that more accurately reflect current practices in place, and significantly increase desired levels of controls and oversight.

The internal audit team discussed observations and recommendations with the Town Council in a meeting conducted on May 8, 2017.

Town of Berryville, Virginia

Objectives and Approach

Objectives and Scope

The objective of our internal audit focused on reviewing the control environment related to the cash disbursements and procurement processes. This internal audit covered the following areas:

1. New Vendor Setup and Maintenance
2. Procurement Credit Card Maintenance
3. Fuel Card Maintenance
4. Purchasing
5. Invoice Processing
6. Check Processing
7. Wire Transfers / ACH Payments
8. Procurement Credit Card Payments
9. Monthly Reporting to Town Council

Approach

Our audit approach consisted of three phases:

A. Understanding and Documentation of the Processes

During this phase, we conducted interviews with Patricia Dickinson, Mayor; Erecka Gibson, Ward Three Council Member; (Jay) Harry Lee Arnold, Jr, Recorder; Keith Dalton, Town Manager; Desiree Moreland, Assistant Town Manager/Treasurer; Heather Fiddler, Front Desk Clerk; and Ann Phillips, Town Clerk. We discussed scope and objectives of the audit work, obtained existing policies and established fieldwork dates.

B. Detailed Testing

The purpose of this phase was to test compliance and internal controls, based on our understanding of the applicable Virginia and Town codes, policies and procedures. Our fieldwork was conducted utilizing auditing techniques to meet our audit objectives. Specific procedures performed included inquiry, observation, and review of check disbursements, wire/ACH payments, and purchasing credit card transactions for supporting documentation.

C. Reporting

At the conclusion of our audit, we summarized our observations related to the processes and conducted exit conferences with management. Issues and recommendations are included in this report.

Town of Berryville, Virginia

Process Narrative: Procurement

Procurement Sub-Processes

01. New Vendor Setup and Maintenance
02. Procurement Credit Card Maintenance
03. Fuel Card Maintenance
04. Purchasing
05. Invoice Processing

Key Personnel Involved in the Process

- ❖ Keith Dalton, Town Manager
- ❖ Desiree Moreland, Assistant Town Manager/Treasurer (referred to hereafter as Treasurer)
- ❖ Heather Fiddler, Front Desk Clerk
- ❖ Department Heads

Related IT Systems/Applications

- ❖ Southern Software – Financial Management System (FMS)
- ❖ Bank of America – “Works”

Related Policies and Procedures

- ❖ Procurement Policy Manual – as of September 2012, attached as Appendix B.
- ❖ Purchasing Card Policies and Procedures – as of December 2012, attached as Appendix C.
- ❖ Fuel Card Policies and Procedures – as of January 2013 , attached as Appendix D.

Process Owner Sign Off

Name	Title	Signature	Date

Town of Berryville, Virginia

Process Narrative: Procurement

Sub-Process 01. *New Vendor Setup and Maintenance*

New Vendor Setup

Prior to making payments to a vendor, the Town must add the vendor to its accounting software, Southern Software's Financial Management System (FMS). When the Treasurer receives invoices from Town personnel requiring payment to a new vendor, the Treasurer uses the information from the invoice to add the new vendor to the FMS. To do this, the Treasurer uses the function "Add New Vendor," and enters a unique vendor number, vendor name, and address. FMS prevents duplicate vendor numbers from being used [AP_5]. Vendors are not required to submit an IRS Form W-9 or provide business information [GAP_1].

Vendors are paid via check by default. If at any time a vendor requires ACH or wire payments, the Treasurer will work directly with the vendor to set this up; this is on an as-needed basis, and the process depends on the vendor's requirements.

Vendor Maintenance

Access to vendor maintenance in FMS is restricted to the Treasurer and Front Desk Clerk [AP_1]. However, segregation of duties does not exist between procurement, invoice and check processing, and vendor maintenance [GAP_2].

Sub-Process 02. *Procurement Credit Card Maintenance*

New Procurement Credit Card

Procurement Credit Cards (P-Cards) are primarily used for small purchases, office supplies, and travel expenses. P-Cards are also used to pay certain monthly bills, such as telephone.

Upon hire, each employee is provided a P-Card, and is required to sign a "Bank of America Purchasing Card Employee Agreement," which acknowledges compliance with the Town's *Purchasing Card Policies and Procedures*. The signed agreement is maintained in the employee's personnel file.

The Treasurer assigns each employee a "spend control profile" for their P-Card, based on their job position, which gives them a specified credit and usage limit [AP_6]. If an employee reaches the assigned credit limit, his or her card will be denied. Dollar usage limits range from \$500 – \$55,000; depending on the employee's job title. Additionally, usage limits can be restricted to travel only.

Town of Berryville, Virginia

Process Narrative: Procurement

Sub-Process 02. Procurement Credit Card Maintenance (Continued)

Procurement Credit Card Maintenance

The Town utilizes the Bank of America “Works” service for its P-Card management. Employees submit hard copy receipts to their Department Heads on a minimum of a monthly basis. Per the Town's *Purchasing Card Policies and Procedures*, cardholders are required to sign the monthly P-Card 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 [GAP_8]. The respective Department Heads log into “Works,” where they view all P-Card transactions for that month for their employees. The Department Heads review receipts, and approve the P-Card charges electronically within “Works” and assign each transaction to a designated General Ledger (GL) expenditure code [AP_7]. If there are any transactions without receipts, the Department Heads contact the respective employees to obtain receipts. If a receipt is missing, the employee is required to submit an alternate receipt or Missing Receipt Affidavit, as described in the Town’s *Purchasing Card Policies and Procedures*.

If a Department Head uses his or her P-Card, he or she submits a “BOA P-Card Expense Report” with attached P-Card receipts and GL expenditure account to the Front Desk Clerk. Currently, Department Heads are not signing the BOA P-Card Expense Report, monthly P-Card statement, or receipts, documenting his or her review and certification that all purchases listed are made for official purposes [GAP_8]. The Front Desk Clerk then reviews the receipts, and approves the P-Card charges electronically within “Works.” Department Heads can make purchases up to \$15,000 on their P-Cards without going through the procurement process of obtaining one (1) quote prior to purchase [GAP_3]. Additionally, the Treasurer can make purchases up to \$55,000 and the Town Manager up to \$50,000. All P-Card transactions have to be electronically approved within “Works;” however, the system does not prevent the approver from being the same person as the initiator [GAP_10].

Once the transaction is approved in “Works” by the Department Head or Front Desk Clerk, the transaction will get added to a Listing of Transactions Requiring Closure. The Front Desk Clerk reviews each transaction within this listing, verifies a receipt is attached, and closes the action within “Works.”

Town of Berryville, Virginia

Process Narrative: Procurement

Sub-Process 03. Fuel Card Maintenance

Fuel Cards

The Town utilizes Mansfield Oil Company's Voyager Fleet Card Program ("Voyager") for its vehicle fuel purchases. Upon hire, employees within the Police, Public Works, and Utilities departments must sign an "Employment Agreement Form," which acknowledges compliance with the Town's *Fuel Card Policies and Procedures*. The signed agreement is maintained in the employee's personnel file. Each Voyager Fuel Card is assigned to a specific vehicle, rather than an individual employee.

The Voyager Fuel Cards will only allow fuel purchases [AP_8]. Additionally, when purchasing fuel, the driver must key in the odometer reading at the pump. Employees submit hard copy receipts to the Front Desk Clerk on a minimum of a monthly basis. If a receipt is missing, the employee is required to submit an alternate receipt or Missing Receipt Affidavit, as described in the Town's *Fuel Card Policies and Procedures*. If there are any transactions without receipts, the Department Heads contact the respective employee to obtain receipts.

On a monthly basis, the Front Desk Clerk receives an invoice from Mansfield Oil Company for the vehicle fuel purchases made for that respective month. The Front Desk Clerk then downloads a spreadsheet from Mansfield Oil Company's online portal, which lists all purchases by vehicle for the month, and the respective quantity of fuel purchased, cost at the pump, and discounted cost that the Town pays. The Front Desk Clerk reviews all fuel purchases to ensure reasonableness based on quantity of gas purchased per vehicle for the month. The Front Desk Clerk reconciles all receipts submitted by employees to the downloaded spreadsheet, and then to the invoice received from Mansfield Oil Company [AP_9]. Any missing receipts or discrepancies are investigated. After the Front Desk Clerk has reconciled the invoice to the supporting spreadsheet and receipts, the Front Desk Clerk provides the invoice with the reconciliation and all supporting documentation attached to the Treasurer for payment.

The Treasurer reviews the invoice and the attached reconciliation. Once the Treasurer approves the invoice and attached reconciliation, the Treasurer processes an electronic wire transfer/ACH payment following the process as defined in the Cash Disbursements Narrative, *Sub-Process 02: Wire Transfers/ACH Payments*.

Town of Berryville, Virginia

Process Narrative: Procurement

Sub-Process 04. *Purchasing*

Procurement Levels¹

1. Small Purchases – up to \$5,000 where the Town’s estimated cost of goods or nonprofessional services is \$5,000 or less, purchases may be made upon receipt of a minimum of one (1) written, telephone (oral) or electronic quotation.
2. Over \$5,000 up to the small purchase limits set in the Virginia Public Procurement Act (VPPA):
 - a. Unsealed Bidding – solicit minimum of four (4) valid sources. If fewer, document reasons why.
 - b. Unsealed Proposals – Town may use an informal Request for Proposal (RFP).
3. Large Purchases – over the VPPA defined limit (VPPA Limit defined as threshold amount requiring competitive negotiation set in the VPPA).
 - a. Competitive Sealed Bidding (IFB) – goods and nonprofessional services over \$100,000.
 - b. Competitive Negotiation (RFP) – procurement of all professional services over \$60,000.

Small Purchases: Less than \$5,000

For all purchases less than \$5,000 (excluding purchases made on P-Cards), individual Department Heads have the authority to purchase the necessary goods and services upon receipt of a minimum of one (1) written, telephone (oral) or electronic quotation, without prior approval from the Treasurer. Documentation of quotes is not currently being consistently maintained for small purchases [GAP_3]. Once the service has been performed or goods have been received, the purchaser will receive an invoice and check it for accuracy against the services performed or goods received [AP_10]. The requestor then submits a Purchase Requisition (PR), invoice, and PO to the Treasurer, and includes any specific instructions and GL expenditure account to be used. Completed PRs include vendor number, vendor name, date requested, requestor, GL expenditure account, description, and amount. Neither invoices nor PRs are required to be signed by requestor/Department Head [GAP_4].

Upon receipt of a PR and invoice, the Treasurer reviews for accuracy by matching the PR to the invoice [AP_02]. The Treasurer then uses the PR to generate a purchase order (PO) within the “Accounts Payable” function in FMS. POs should be generated and approved before purchases are made, not after [GAP_13]. In order to generate the PO, the Treasurer needs to enter the total amount, department, PO date, description, vendor number (if current vendor), shipping information, GL expenditure account, quantity, and unit price. If the vendor is not an existing vendor, the Treasurer will add the vendor in accordance with *Sub-Process 01: New Vendor Setup and Maintenance*. Once the PO has been generated, it is automatically added into the “Unapproved Purchase Order List” in FMS.

¹ Town of Berryville Purchasing Policy 2012

Town of Berryville, Virginia

Process Narrative: Procurement

Sub-Process 04. Purchasing (Continued)

Purchases between \$5,000 and the VPPA Limit

If the Town's estimated cost of goods or nonprofessional services is between \$5,000 and the Virginia Public Procurement Act (VPPA) Limit (\$100,000), a minimum of four (4) quotes from different sources are required to be solicited or an informal RFP can be used. Currently, record of solicitation of sources is not consistently being maintained in accordance with the Town's *Purchasing Policy* [GAP_5].

For such instances, the requestor submits a PR and quotes to the Treasurer. The Treasurer uses this request to create a PO within the "Accounts Payable" function in FMS, following the same process as small purchases. Once the goods have been received or the services have been performed, the receiving department submits the invoice, attached to the PR and PO, to the Treasurer.

Large Purchases: Professional Services over \$60,000

The Town uses competitive negotiation for procurement of all professional services estimated to be over the VPPA Limit (\$60,000). In this situation, the Department Head prepares a formal RFP. The formal RFP describes the services to be performed, and must specify the requirements to be addressed by the offerors that will be used to evaluate the proposal. The formal RFP is reviewed by the Town Manager prior to issuance [AP_11].

The Department Head sends the formal RFP to anyone that has expressed interest, and typically posts to Virginia's eProcurement Portal (eVA). A submission due date will be established, with a minimum of ten days from issue date of the formal RFP. The Town is required to send the formal RFP to at least six (6) valid sources. If the Town does not solicit the required number of sources, the reason(s) must be stated in writing and placed in the purchase file.

Once a deadline has been reached, the Department Head establishes an evaluation team, consisting at a minimum of the Department Head and Town Manager, to evaluate all submissions received, based on pre-determined criteria. Interviews are conducted as deemed necessary. The Department Head conducts negotiations with the selected offeror. Once negotiations are finalized and the offeror has been selected as the winning offeror, the Department Head posts the Intent to Award Notice on the Town's website.

Large Purchases: Goods and Nonprofessional Services over \$100,000

The Town uses competitive sealed bidding for procurement of all goods and nonprofessional services estimated to be over the VPPA Limit (\$100,000). In this situation, the Department Head prepares an Invitation for Bid (IFB), which describes the goods or services to be procured, and includes specifications, scope of work/purchase description, and any contractual terms and conditions applicable. The IFB is reviewed by the Town Manager prior to issuance [AP_11].

The Department Head sends the IFB to anyone that has expressed interest, and will publicly post the IFB to eVA. A submission due date will be established, with a minimum of ten days from issuance date of the IFB. The Town is required to send the IFB to at least six (6) valid sources. If the Town does not solicit the required number of sources, the reasons must be stated in writing and placed in the purchase file.

Once the submission deadline has been reached, the Department Head opens bids publicly and reads them aloud. The Department Head will award the bid to the lowest responsive and responsible bidder.

Town of Berryville, Virginia

Process Narrative: Procurement

Sub-Process 04. Purchasing (Continued)

The Town utilizes the ability to ride other jurisdictions' contracts when practicable. In these cases, the Treasurer searches for another jurisdiction with a contract that allows for others to ride the contract as awarded. The Town then operates under the assumption that the other jurisdiction followed proper procurement. Currently, the Town does not require Town Council approval for large purchases made through riding another jurisdiction's contract [GAP_12].

Sole Source Procurement

As per the Town's *Procurement Policy Manual*, sole source procurement is authorized when there is only one source practicably available for the goods or services required. In the case of sole source procurement, competition is not required; however, all sole source procurements for goods and services exceeding \$5,000 require advance approval by the Town Manager or designee. Additionally, a written quotation must be obtained from the vendor, and 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.

Currently, the Town Manager is not approving sole source procurement purchases exceeding \$5,000 in advance. Additionally, quotes and written determinations are not being maintained in accordance with the *Procurement Policy Manual* [GAP_6].

Emergency Procurement

As per the Town's *Procurement Policy Manual*, in the case of emergency procurement where competition is not used due to an emergency-required purchase, the Town is required to maintain written documentation indicating the nature of the emergency and reason for the selection of the particular contractor. Such written determination is to be signed by the Town Manager or designated representative.

Currently, for emergency procurement, written documentation indicating the nature of the emergency and reason for the selection of the particular contractor is not being maintained in accordance with the *Procurement Policy Manual* [GAP_7].

There is a lack of adequate cross-training for employees in different roles and responsibilities within the procurement and cash disbursements functions [GAP_11].

Sub-Process 05. Invoice Processing

Approximately twice a month, the Treasurer prints the "Unapproved Purchase Order Listing," and performs a check by manually adding all hard copies of POs and comparing the total to the "Unapproved Purchase Order Listing" total. After checking for accuracy, the Treasurer approves the POs within FMS. The Treasurer then prints out all POs and makes two carbon copies (one yellow and one white). Both carbon copies of the PO are attached to the PR and invoice. The Treasurer then performs a match between invoice, PR and PO [AP_2]. Upon the Treasurer's approval, the Treasurer will "Post" in FMS, which sends the PO to a "Posted Purchase Orders" Report. The Treasurer will sign the hard copy of the PO indicating approval, and provide all documents to the Town Manager for review and approval. The Town Manager reviews all POs for reasonableness, and signs off as secondary reviewer after the Treasurer [AP_3].

Town of Berryville, Virginia

Process Narrative: Procurement

Sub-Process 05. *Invoice Processing (Continued)*

Once the Town Manager has reviewed and signed all POs, indicating approval, the Treasurer keys in the vendor number and invoice number of each invoice to “Invoice Processing” in FMS. If there is a corresponding PO, the Treasurer tags the PO to the invoice, and the amount will automatically be entered to match the PO amount. The Treasurer can manually override this amount; however, the Treasurer cannot enter an amount that is greater than the PO. If there is no corresponding PO, the Treasurer manually enters a payment amount based on the invoice.

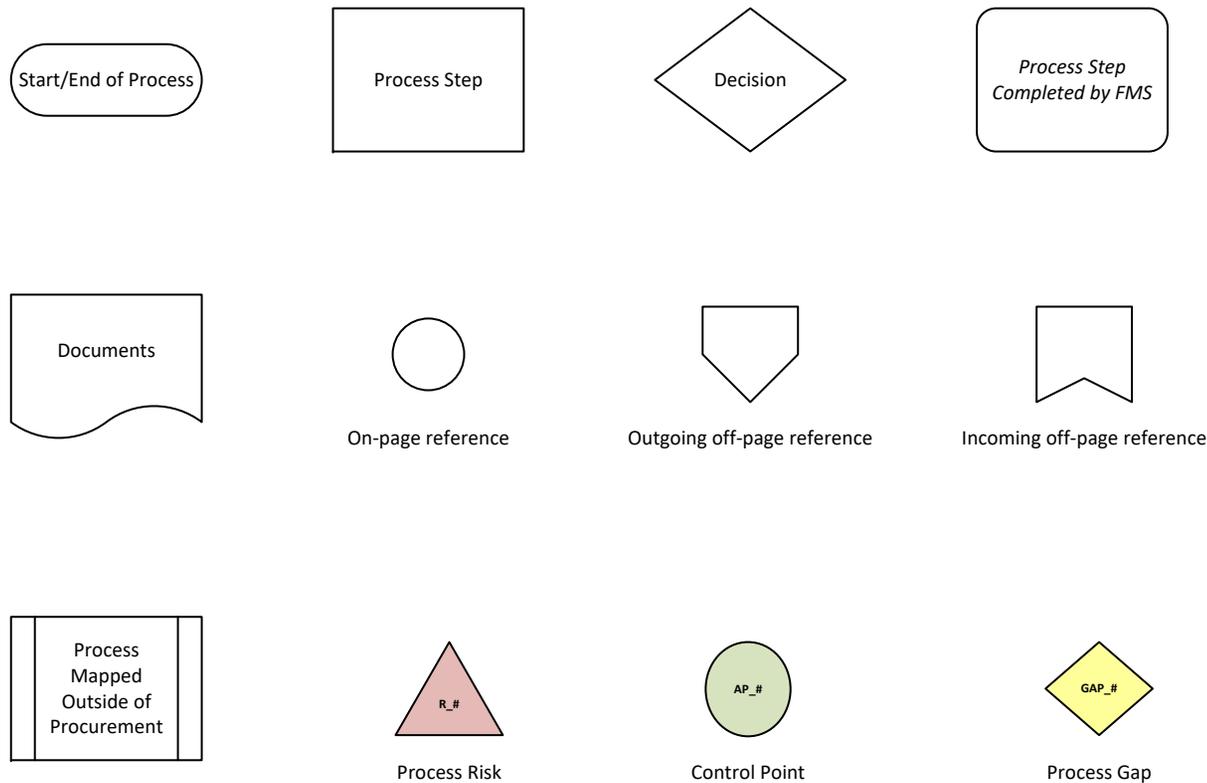
Once all invoices for a check run have been entered, the Treasurer manually adds all invoices on a calculator tape, and matches the total of all invoices with the total on the invoice processing screen [AP_4]. Once confirmed, the Treasurer prints the Invoice Register, and then clicks “Post,” which posts all invoices to the general ledger. At this point, checks are ready for processing.



TOWN OF
BERRYVILLE
Virginia

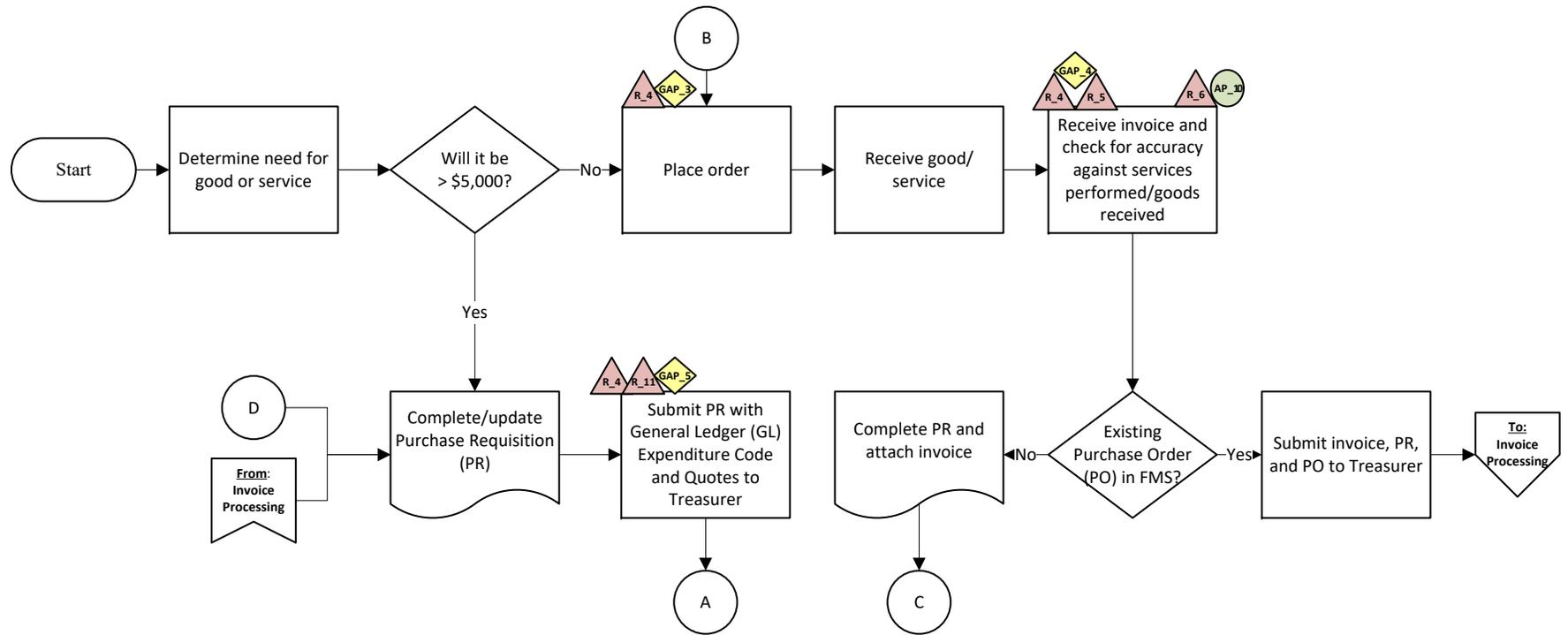
Process Flow: *Procurement*

Process Mapping Symbols Key:

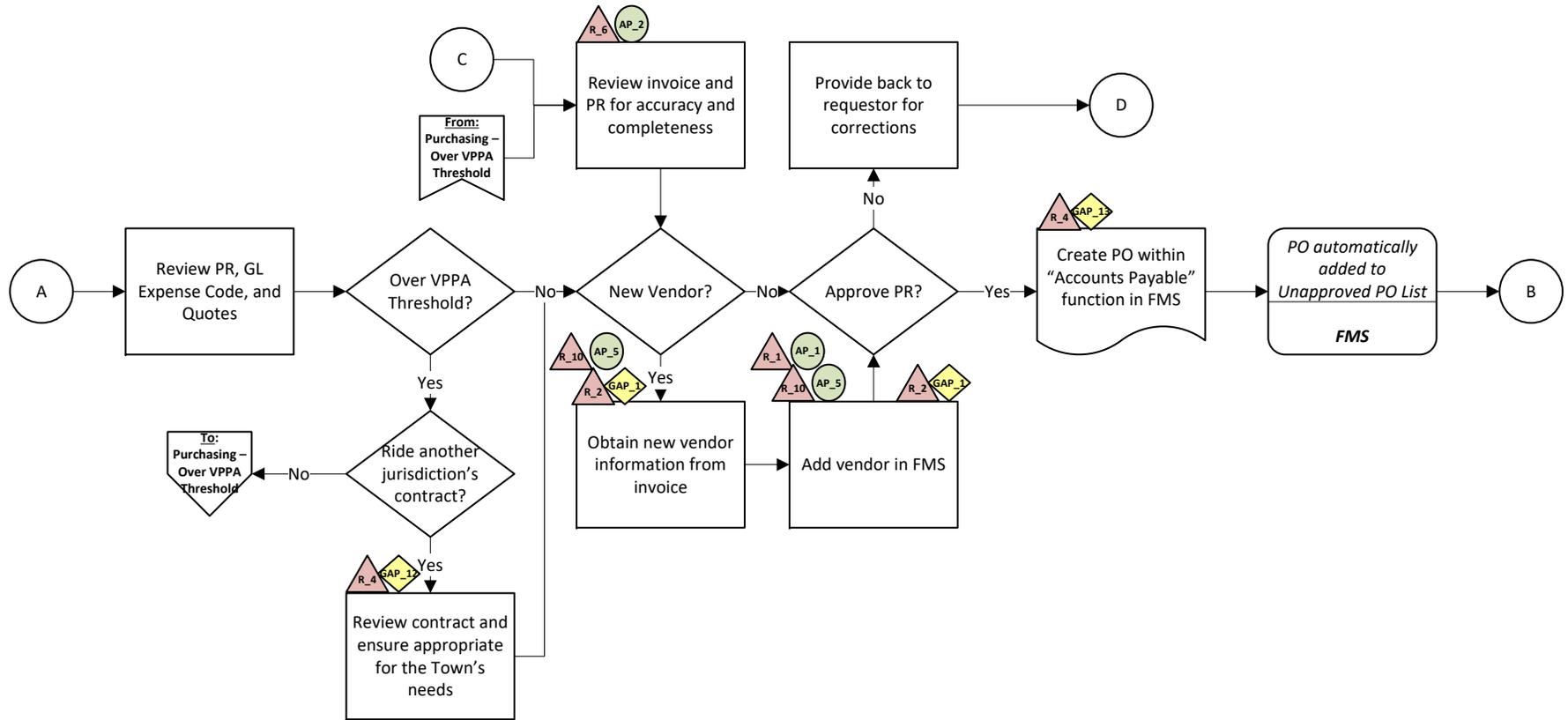


Department Head

The following risks and gaps, related to segregation of duties and cross-training of employees, apply throughout the entire procurement process:

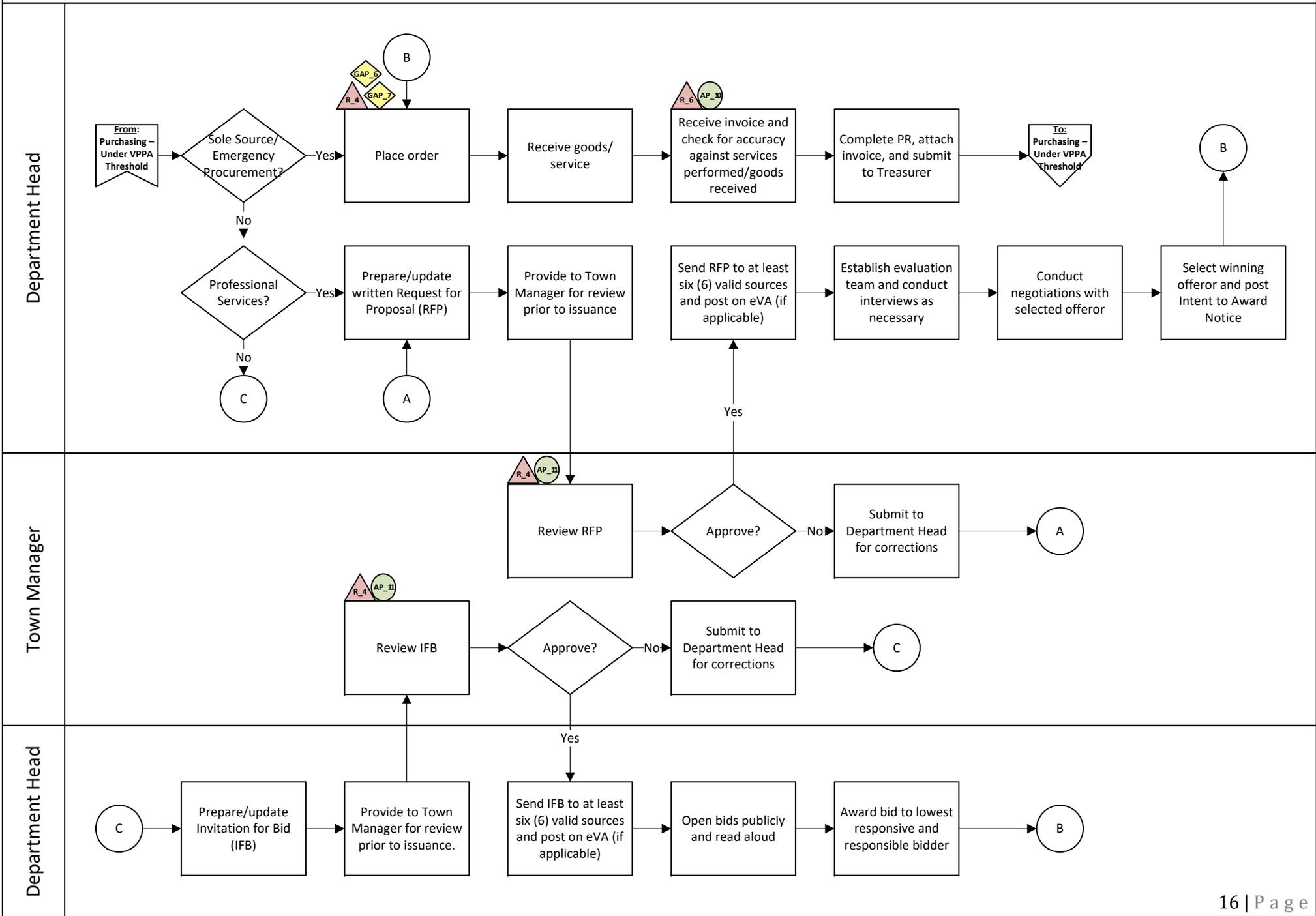


Treasurer



Purchasing – Over VPPA Threshold

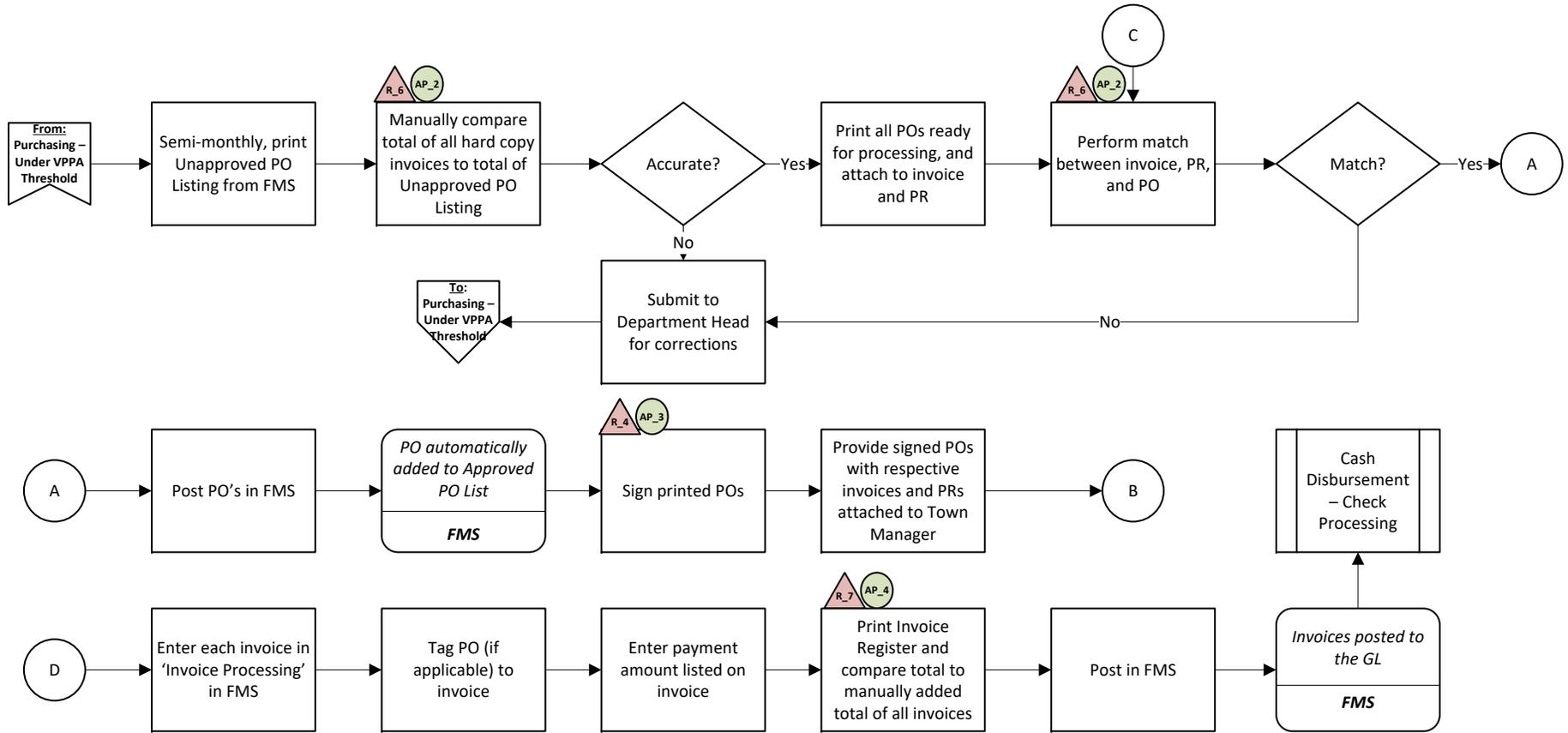
As Needed



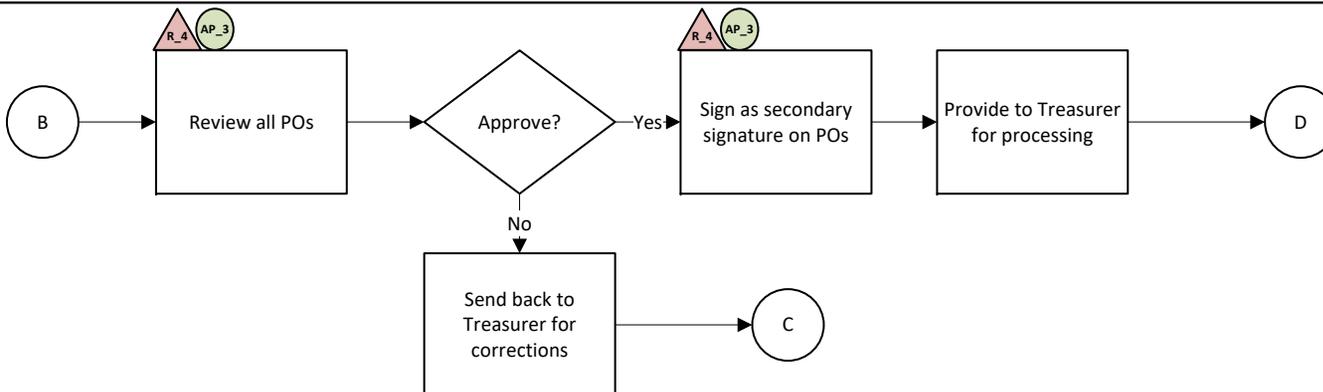
Invoice Processing

Semi-Monthly

Treasurer

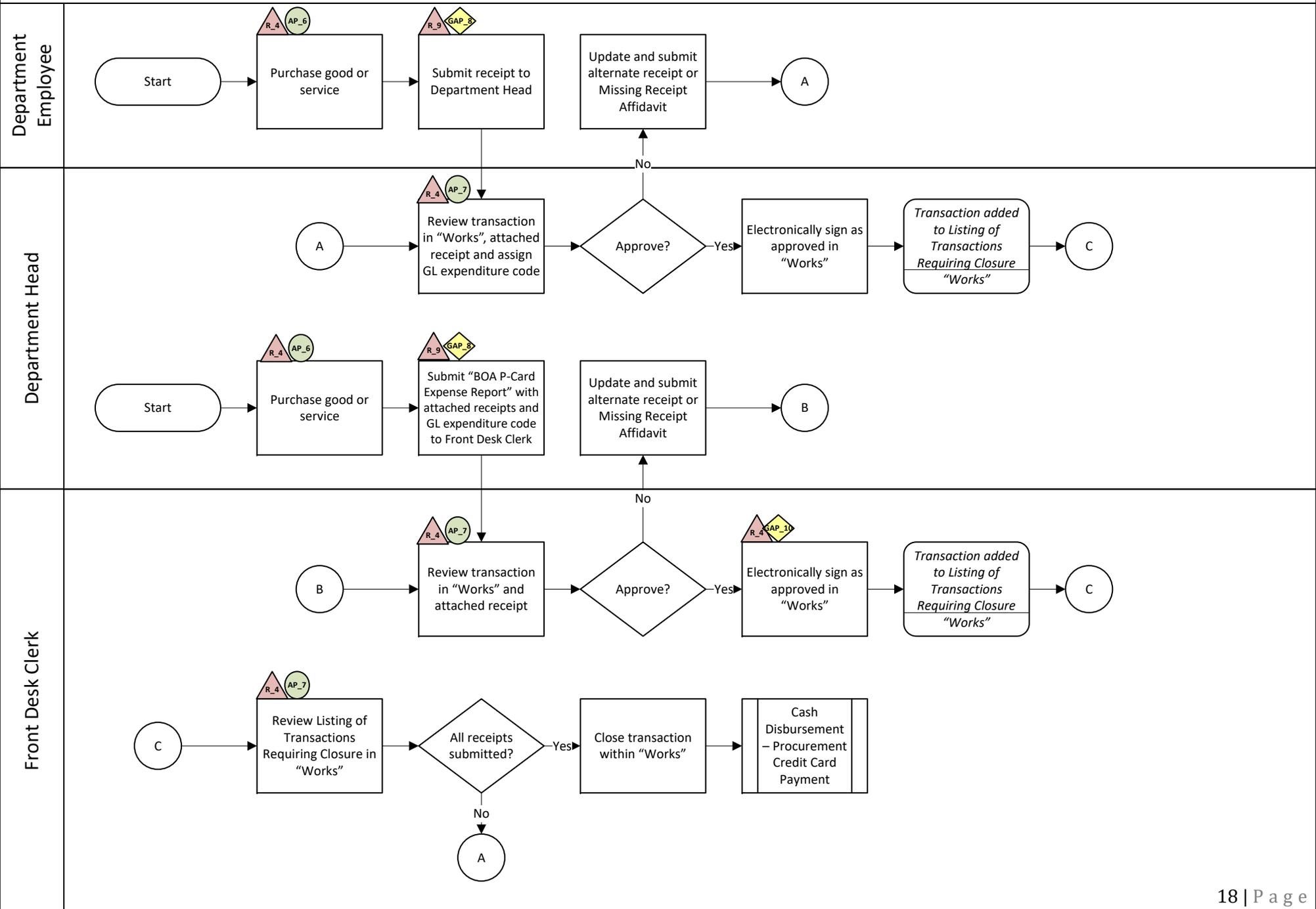


Town Manager



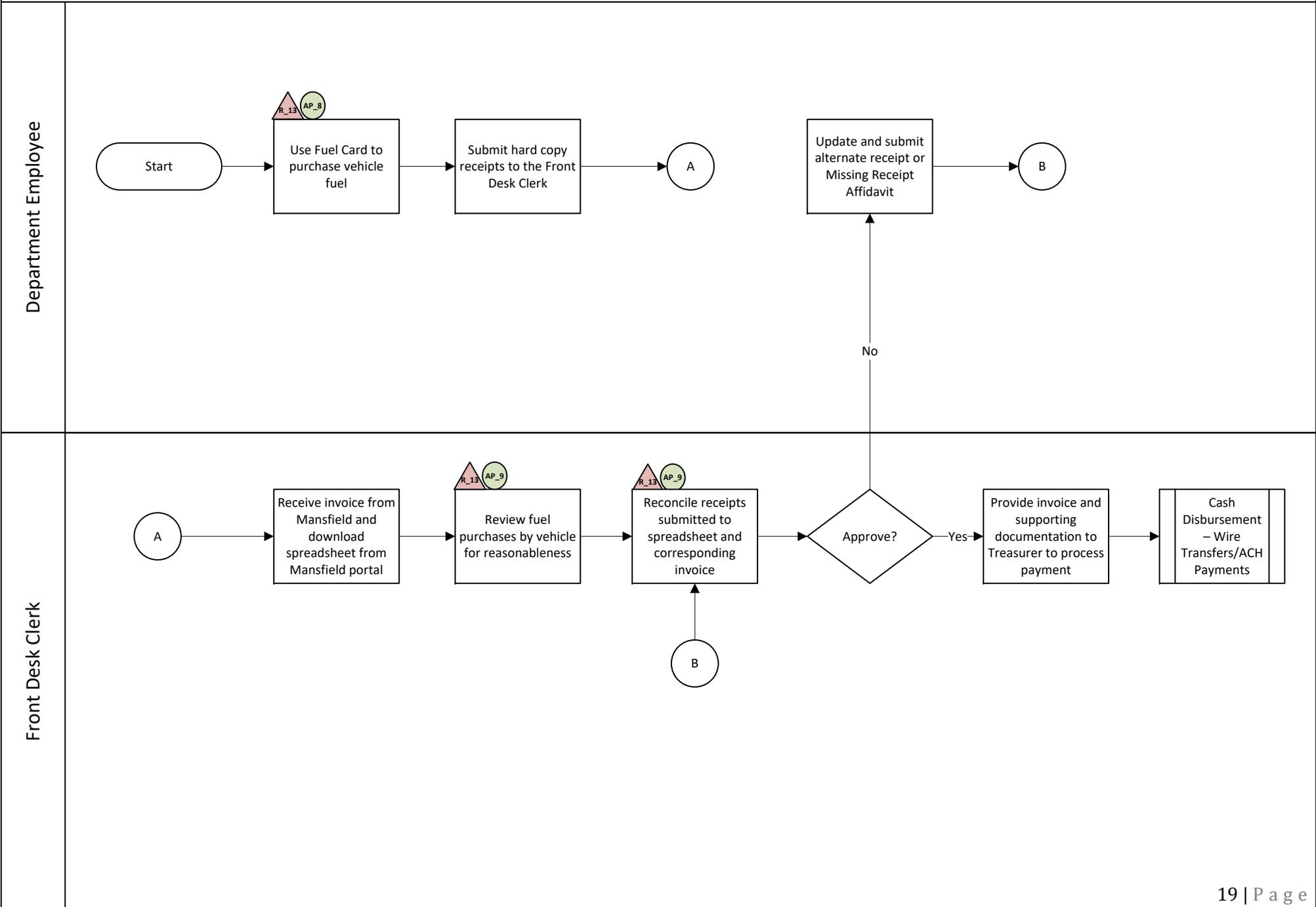
Procurement Credit Card Maintenance

Monthly



Fuel Card Maintenance

Monthly



Town of Berryville, Virginia

Process Narrative: Cash Disbursements

Cash Disbursements Sub-Processes

01. Check Processing
02. Wire Transfers / ACH Payments
03. Procurement Credit Card Payment
04. Monthly Reporting to Town Council

Key Personnel Involved in the Process

- ❖ Patricia Dickinson, Mayor
- ❖ (Jay) Harry Lee Arnold, Jr., Recorder
- ❖ Town Council
- ❖ Keith Dalton, Town Manager
- ❖ Desiree Moreland, Assistant Town Manager/Treasurer (referred to hereafter as Treasurer)
- ❖ Heather Fiddler, Front Desk Clerk

Related IT Systems/Applications

- ❖ Southern Software – Financial Management System (FMS)
- ❖ Bank of Clarke County *Online*
- ❖ Bank of America “Works”

Related Policies and Procedures

- ❖ Procurement Policy Manual – as of September 2012, attached as Appendix B.
- ❖ Purchasing Card Policies and Procedures – as of December 2012, attached as Appendix C.
- ❖ Fuel Card Policies and Procedures – as of January 2013, attached as Appendix D.
- ❖ Town Code, Sec. 2-6 – as of July 2006, attached as Appendix E.

Process Owner Sign Off

Name	Title	Signature	Date

Town of Berryville, Virginia

Process Narrative: Cash Disbursements

Sub-Process 01. *Check Processing*

After all invoices ready for payment have been posted in FMS, the Treasurer enters the “Check Processing” function in FMS. The Treasurer selects all checks that are to be processed within the batch, and creates an “Invoice Pay List.” The Treasurer prints the check pre-audit report and compares the vendor, invoice amount, and GL expenditure code to the hard copy invoice [CD_6].

After the Treasurer has reviewed the report, the Treasurer prints the checks from FMS. Blank check stock is maintained in the Town Treasurer’s office, which is only accessible by authorized personnel through badged entry [CD_1]. After all of the checks have been printed, the Treasurer signs as the first signature on the dual signature checks. The Treasurer then “Posts” in FMS, which will post the checks within the General Ledger (GL) to remove the accounts payable and post to cash. The Treasurer then generates and prints an “Accounts Payable Check Register with Detail” Report and files it in the monthly transaction folder.

All supporting documentation, including the Purchase Order (if applicable), Purchase Requisition, and Invoice get attached to the checks, which are provided to the Mayor or Recorder for secondary signature. Per Section 2-6 of the Town Code, all checks require two (2) signatures: the first signature being the Treasurer or the Town Manager, the second being the Mayor or Recorder [CD_2]. The Mayor or Recorder will review for reasonableness prior to signing.

If at any point during the process a check does not pass review, the Treasurer will void the check and follow up with the respective Department Head.

The Front Desk Clerk mails out the checks, and files the purchase order and check stubs with supporting documentation in each vendor’s file [CD_3].

Note: AP Batches are run approximately semi-monthly (mid-month, and end of month). However, individual checks can also be processed if there is an immediate need. The process is the same whether the check is included in a batch or individually.

Town of Berryville, Virginia

Process Narrative: Cash Disbursements

Sub-Process 02. *Wire Transfers / ACH Payments*

The Town uses wire transfers/ACH payments to pay for the following recurring monthly charges: Town of Berryville fuel card payment, US Bank equipment lease payment, USDA loan payment, and Federal and State withholding payments.

On a monthly basis, the Treasurer receives bills from vendors that require wire transfers. The Treasurer fills out an “Electronic Fund Disbursement Payment Request” form, and signs, indicating the Treasurer’s review and approval of the wire transfer. The Treasurer then provides the signed form with the invoice and supporting documentation attached to the Mayor or Recorder for secondary signature, who reviews for reasonableness prior to signing [CD_4].

Once the proposed wire transfer has been approved by the Mayor or Recorder, the Treasurer enters the online portal for the bank and posts the wire transfer. The Treasurer then receives an online payment confirmation, which the Treasurer prints and attaches to the signed request form and invoice. The Treasurer enters the cash disbursements as a disbursement in FMS based on assigned GL expenditure codes.

The Treasurer has the ability to make wire transfers/ACH payments up to \$45,000 per day. Bank of Clarke County 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 [GAP_9].

Sub-Process 03. *Procurement Credit Card Payment*

Procurement Credit Card Payment

Once all P-Card transactions for the respective month have been approved within “Works,” the Front Desk Clerk prints an excel spreadsheet of all transactions and ensures all receipts are present. Once the Front Desk Clerk has verified all receipts are present, the Front Desk Clerk enters the transactions as cash disbursements in FMS, using the documented GL code and vendor.

After all cash disbursements have been entered, the Front Desk Clerk prints the “GL Cash Disbursements Entries” Report, and reconciles to the Bank of America monthly statement [CD_5]. If there are any discrepancies, the Front Desk Clerk follows up with the respective Department Heads for clarification.

After the reconciliation has been completed, the Front Desk Clerk prints the reconciliation, attaches it to the Bank of America monthly statement and corresponding receipts, and provides it to the Treasurer for payment.

The Treasurer matches the total per the cash disbursements entry to the total on the Bank of America statement prior to payment [CD_5]. Payment is automatically deducted from Bank of Clarke County each month to pay Bank of America.

Town of Berryville, Virginia

Process Narrative: Cash Disbursements

Sub-Process 04. *Monthly Reporting to Town Council*

On a monthly basis, the Treasurer prepares a Council Packet to provide to the Town Council at the monthly meeting. The Council Packet includes the following for the respective month:

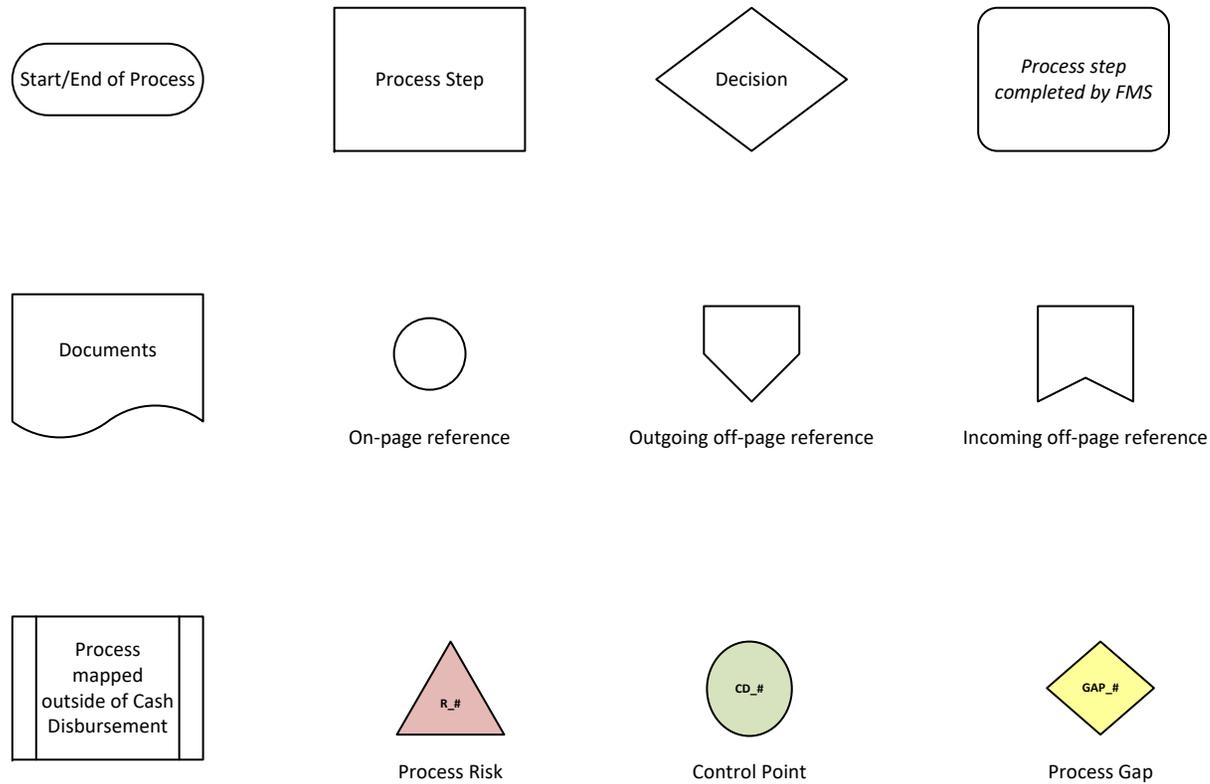
- List of all checks written during the month; and
- Bank of America P-Card Statement.



TOWN OF
BERRYVILLE
Virginia

Process Flow:
Cash Disbursement

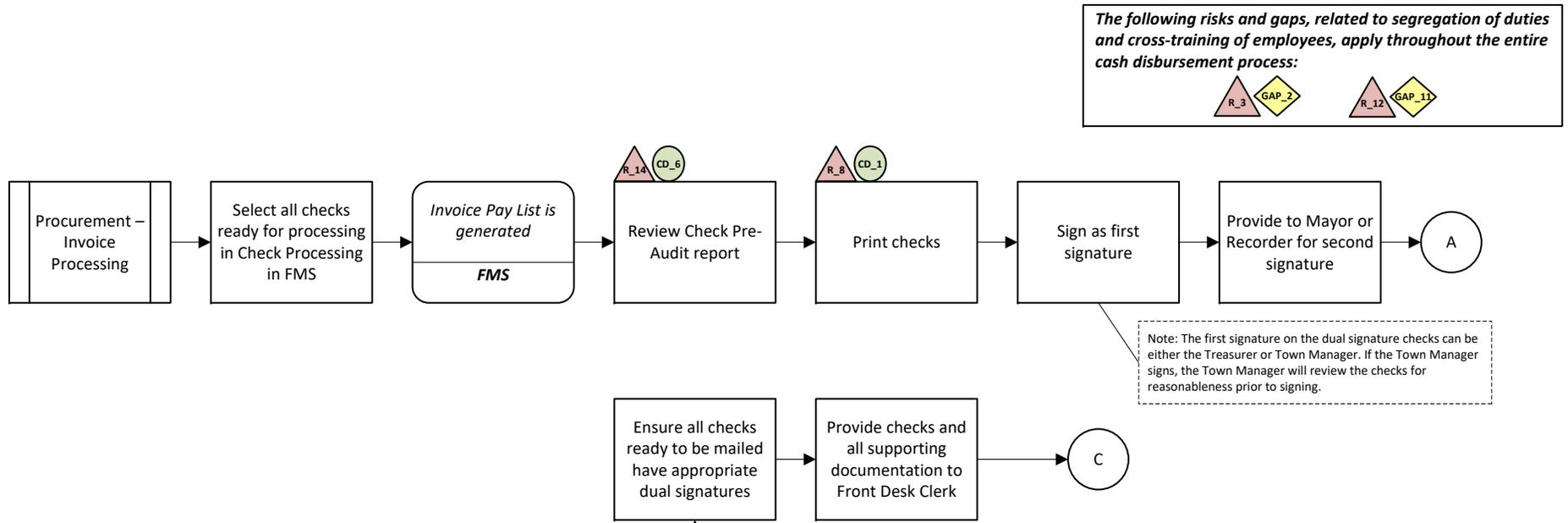
Process Mapping Symbols Key:



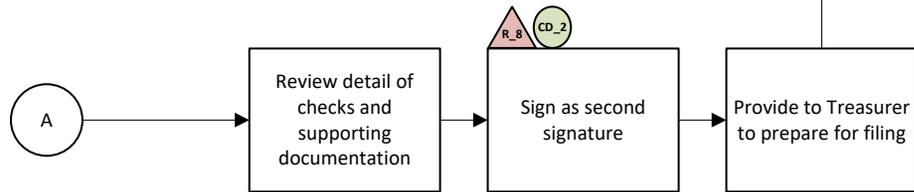
Check Processing

Semi-Monthly

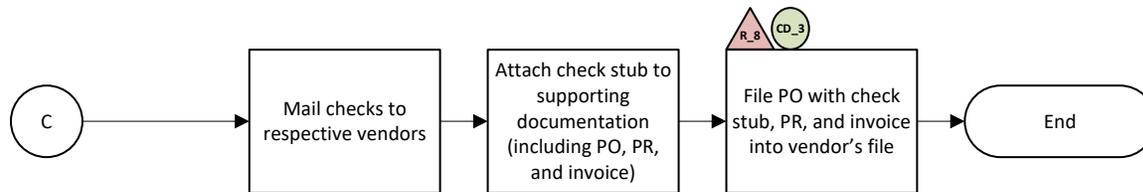
Treasurer



Mayor or Recorder



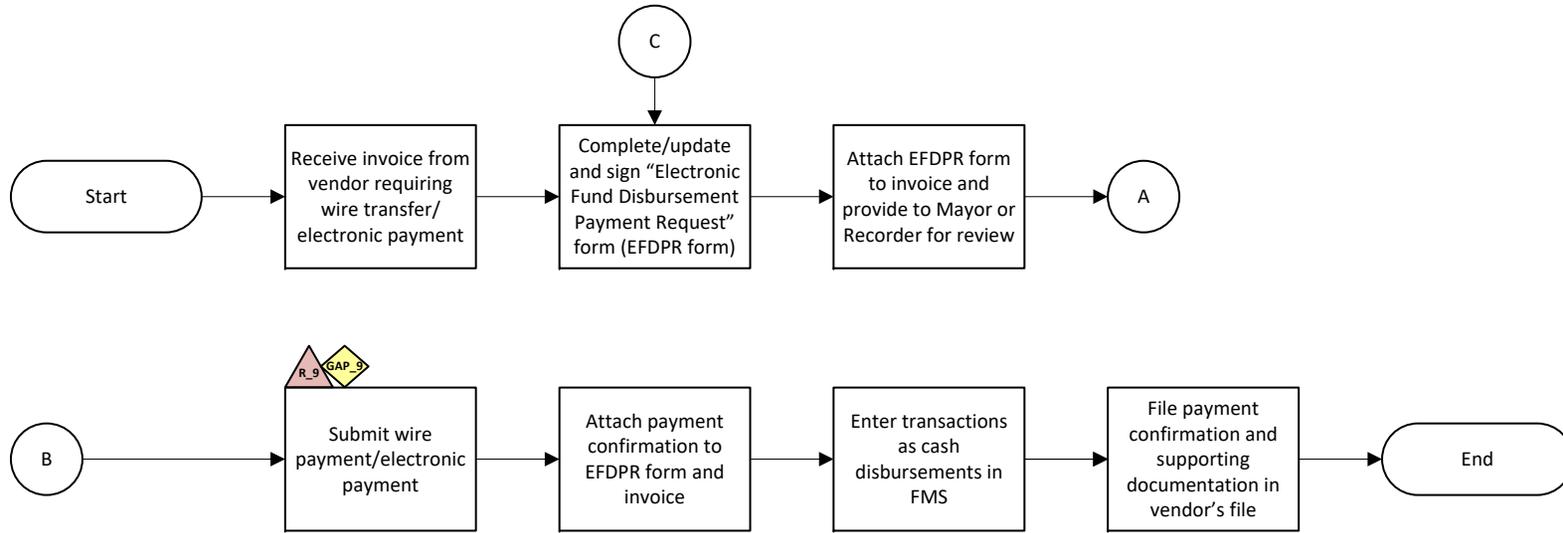
Front Desk Clerk



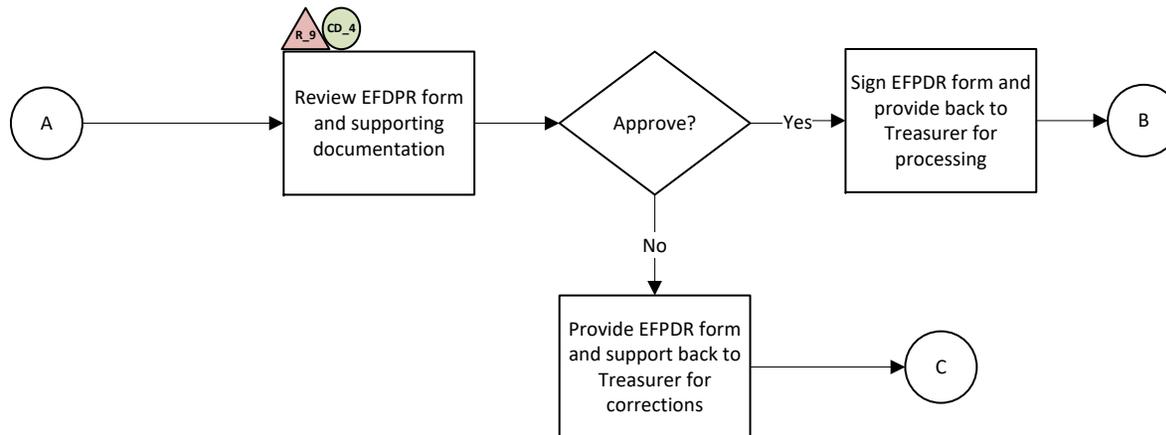
Wire Transfers/ACH Payments

As Needed

Treasurer



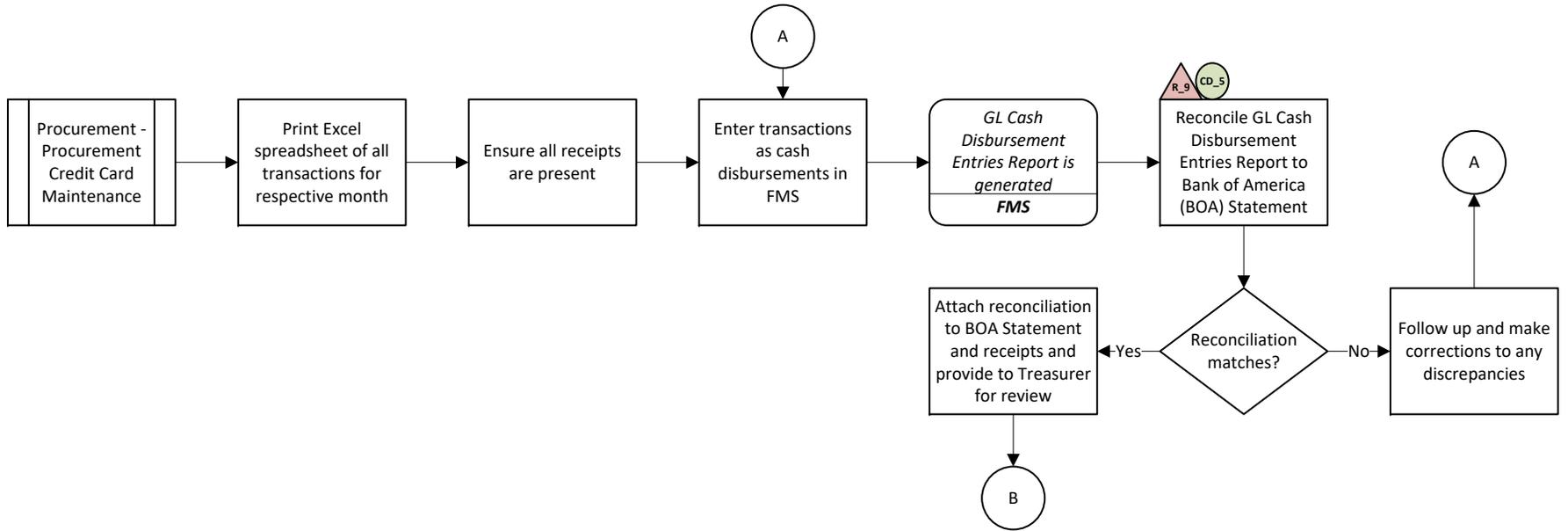
Mayor or Recorder



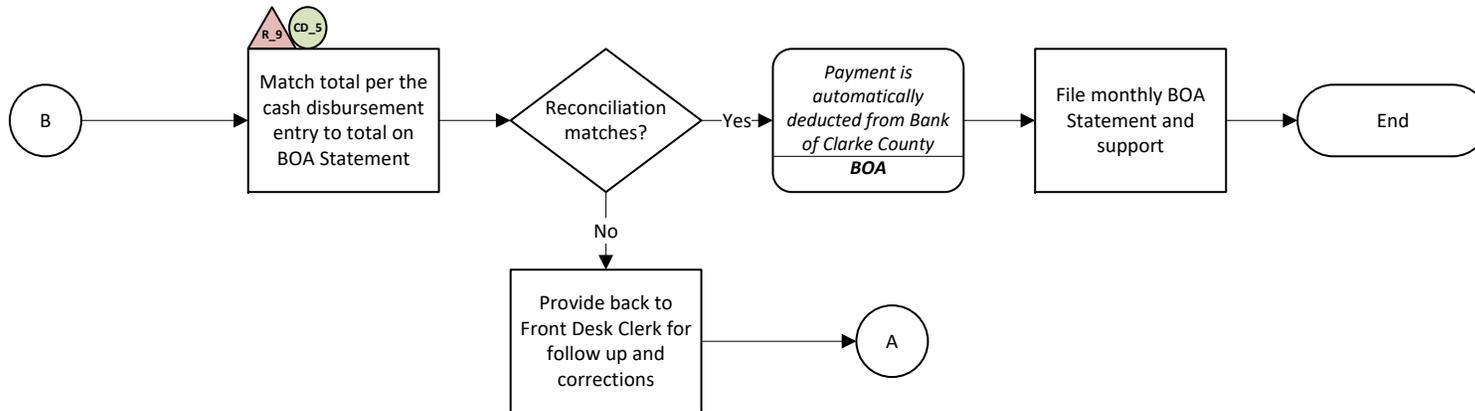
Procurement Credit Card Payment

Monthly

Front Desk Clerk



Treasurer



Town of Berryville, Virginia

Significant Risks and Controls Matrix

Process	Sub-Process	Risk No.	Risk	Control No.	Control Description
Procurement	Vendor Management	R_1	Purchases are made to unauthorized or fraudulent/non-existent vendors.	AP_1	Access to vendor maintenance in FMS is restricted to the Treasurer and Front Desk Clerk.
		R_10	Payments are made to the wrong vendor.	AP_5	The system is configured to prevent duplicate vendor numbers from being used.
	Purchasing	R_6	Receiving records are not matched to invoices.	AP_10	The purchaser reviews the invoice and checks for accuracy against the services performed or goods received.
		R_4	Purchases are made at unauthorized prices or terms.	AP_11	The Town Manager reviews all Request for Proposals and Invitation for Bids prior to issuance.
	Purchasing; Invoice Processing	R_6	Receiving records are not matched to invoices.	AP_2	The Treasurer matches every invoice to the respective purchase requisition and purchase order (if applicable), and approves all invoices for payment. Any invoices not approved are investigated.
	Invoice Processing	R_4	Purchases are made at unauthorized prices or terms.	AP_3	All Purchase Orders are signed by both the Treasurer and the Town Manager prior to processing invoices for payment.
		R_7	Not all invoices are recorded in the accounts payable system.	AP_4	A calculator tape is prepared totaling all invoices for that check run, and the total is compared to the batch posting in the AP Ledger.
	Procurement Credit Card	R_4	Purchases are made at unauthorized prices or terms.	AP_6	Each employee who is provided a p-card is assigned a "spend control profile", which assigns them a specified credit and usage limit. If an employee reaches the assigned credit limit, his or her card will be denied.
		R_4	Purchases are made at unauthorized prices or terms.	AP_7	All procurement credit card transactions are reviewed by either the respective department head or the Front Desk Clerk to ensure all receipts have been submitted.
	Fuel Card	R_13	Purchases are made for unauthorized purposes.	AP_8	The Voyager Fuel Cards only allow purchases of vehicle fuel.
		R_13	Purchases are made for unauthorized purposes.	AP_9	The Front Desk Clerk reviews all fuel purchases to ensure reasonableness based on quantity of gas purchased per vehicle for the month. The Front Desk Clerk then reconciles all receipts submitted by employees for fuel card purchases to a downloaded report from the Mansfield online portal, showing all purchases by vehicle for the month and the respective quantity of fuel purchased, cost at the pump, and discounted cost that the Town pays. The Front Desk Clerk then reconciles the spreadsheet back to the invoice received from Mansfield Oil.

Town of Berryville, Virginia

Significant Risks and Controls Matrix

Process	Sub-Process	Risk No.	Risk	Control No.	Control Description
Cash Disbursement	Check Processing	R_8	Checks for unauthorized purposes are issued.	CD_1	Blank check stock is maintained in the Treasurer's office, which is only accessible by authorized personnel through badged entry.
		R_8	Checks for unauthorized purposes are issued.	CD_2	Authorized limits for check signatories, including dual signatures, are defined and adhered to.
		R_8	Checks for unauthorized purposes are issued.	CD_3	Supporting documentation for each disbursement, including purchase requisitions, purchase orders (if applicable based on amount of purchase), and invoice from vendor, is prepared, reviewed, and maintained.
		R_14	Cash disbursements are made for the wrong amount or to the wrong vendor.	CD_6	The Treasurer prints the check pre-audit report from FMS, which displays all invoices that have been entered. The Treasurer compares the vendor, invoice amount, and GL expenditure code entered in FMS to the hard copy invoices.
	Wire Transfers	R_9	Cash disbursements for unauthorized purchases are issued.	CD_4	Prior to posting a wire or ACH payment, the Treasurer completes and signs an "Electronic Fund Disbursement Payment Request" form, and provides to the Mayor or Recorder. The Mayor or Recorder reviews for reasonableness and signs the form as secondary authorized signer.
	Procurement Credit Card	R_9	Cash disbursements for unauthorized purchases are issued.	CD_5	The Front Desk Clerk performs a reconciliation between the monthly Bank of America purchasing card statement and all approved actions within "Works." The reconciliation is reviewed by the Treasurer prior to payment.

Town of Berryville, Virginia

GAP Log

Process	Sub-Process	Risk No.	Risk	GAP No.	GAPs
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.
	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.
		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.
		R_5	Expenditures are posted to incorrect accounts or periods.		
		R_4	Purchases are made at unauthorized prices or terms.	GAP_5	Per the Town of Berryville's Procurement Policy Manual, four (4) 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.
		R_11	Non-compliance with Virginia Public Procurement Act.		
		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.
		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.
		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.
		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.
	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.
		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"; 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.

Town of Berryville, Virginia

GAP Log

Process	Sub-Process	Risk No.	Risk	GAP No.	GAPs
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.
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.
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.

Town of Berryville, Virginia

Issues and Recommendations

The following table provides a summary of the issues identified during our procedures. We have assigned a relative risk rating to each issued identified. The definitions of the risk ratings are provided below. This is the evaluation of the severity of the concern and potential impact. Items are rated as High, Moderate, or Low.

- *High Risk Items* are considered to be of immediate concern and could cause significant issues if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

Procurement Process			
Ratings	Gap No.	Issues	Recommendations
High	GAP_1	Prior to doing business with a new vendor, vendors are not required to submit business information, including an IRS Form W-9.	Prior to doing business with a new vendor, Department Heads should contact the vendor and obtain an IRS Form W-9 and should submit a "New Vendor Request" Form with attached IRS Form W-9 to the designated Purchasing Agent for input into FMS.
High	GAP_2	Segregation of duties do not exist between procurement, invoice processing, check processing, and vendor maintenance.	System access should be designed to segregate duties between procurement, invoice processing, check processing, and vendor maintenance. The Town should consider establishing a Purchasing Agent, who would be responsible for vendor maintenance and procurement documentation.
High	GAP_4	Requesting department heads are not required to sign off on purchase requisition or invoice indicating approval of price, amount, terms, and GL expenditure account.	Invoices should be stamped/documented for payment approval by department heads. Stamps/documentation should require coding of General Ledger expenditure accounts, signature, and date, as part of payment approval.
High	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.	The Town should implement and enforce purchasing guidelines that are representative of the Town's size, including when quotes are required, how many are required, required documentation, and purchase order requirements. The Policy should also include documentation requirements for sole source procurement and emergency procurement procedures. An example is included in Appendix A .
High	GAP_5	Per the Town of Berryville's Procurement Policy Manual, four (4) quotes are required to be obtained for purchases of goods or nonprofessional services over \$5,000 to comply with the small purchase limits set in the VPPA. Documentation of quotes is not being consistently maintained.	
High	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.	
High	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.	
High	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.	
High	GAP_13	Purchases 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.	

Town of Berryville, Virginia

Issues and Recommendations

Procurement Process (Continued)

Ratings	Gap No.	Issues	Recommendations
High	GAP_8	Per the Town of Berryville's Purchasing Card Policies and Procedures, cardholders are required to sign the monthly P-Card 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.	The Town should require cardholders to sign monthly P-Card statements or receipts, documenting his or her review and certification that all purchases listed are correct and made for official purposes. Additionally, department heads should sign off indicating his or her review/approval of the purchases.
High	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"; 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.	The Town should require the designated Purchasing Agent to sign department heads' P-Card statements or expense reports indicating approval of the transactions. If the designated Purchasing Agent uses his or her P-Card, the Treasurer should sign the respective P-Card statement or expense report, indicating approval of the transactions.
Medium	GAP_11	There is a lack of adequate cross-training for employees on different roles and responsibilities within the procurement and cash disbursement functions.	The Town should consider cross-training a designated staff member on the current roles and responsibilities of the Treasurer.

Cash Disbursements Process

Ratings	Gap No.	Issues	Recommendations
High	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 Town should require new wire recipient bank accounts for wire transfers/ACH payments to be approved by the Mayor or designated member of Council prior to the first payment. Additionally, bank statements should be provided to the Mayor monthly with all wire/ACH payments made, and include the corresponding signed Electronic Disbursement Request Forms and supporting documentation for comparison.

Additional Recommendations

Ratings	
Low	The Town should consider performing an annual review of all vendors to ensure they are valid and still active.
Medium	The Town should consider requiring the Town Clerk to communicate any potential conflicts disclosed in the Statements of Economic Interest to the designated Purchasing Agent.

Town of Berryville, Virginia

Appendix A: Example of Purchasing Guidelines

Orders up to \$5,000

- ❖ Single Quote.
- ❖ P-Card purchase whenever possible.
- ❖ If not a P-Card purchase, invoices shall be stamped with the appropriate GL code, signature, and date, and turned in to the Treasurer.

Orders between \$5,001 and \$15,000

- ❖ Requires Purchase Requisition with three verbal quotes. Quotes may be verbal from vendor, but must appear on the requisition.
- ❖ Vendor with lowest quote will be selected unless otherwise noted.
- ❖ If lowest quote is NOT selected, justification (such as quality) must be noted.
- ❖ Authorized approval is **Department Head**.
- ❖ Requisitions are sent to the designated Purchasing Agent with a copy of the receipt, invoice or correspondence.
- ❖ Requisitions shall be stamped with the appropriate GL code, signature, and date.
- ❖ Purchase Order, if required by vendor, is created by designated Purchasing Agent.
- ❖ Authorized signature is designated **Purchasing Agent**.

Orders between \$15,001 and \$30,000

- ❖ Requires Purchase Requisition with three written quotes.
 - If choosing to ride another jurisdiction's contract, quotes not required, but approval and signature authority should be followed.
- ❖ Requisitions are sent to Purchasing Agent with copy of receipt, invoice or correspondence.
- ❖ Requisitions shall be stamped with the appropriate GL code, signature, and date.
- ❖ Vendor with lowest quote will be selected unless otherwise noted.
- ❖ If lowest quote is NOT selected, justification (such as quality) must be noted.
- ❖ Authorized approval is **Department Head**.
- ❖ Purchase Order is written by designated Purchasing Agent.
- ❖ Authorized signature is **Town Manager**.

Town of Berryville, Virginia

Appendix A: Example of Purchasing Guidelines

Orders between \$30,001 and \$50,000

- ❖ Requires Purchase Requisition with three written quotes.
 - If choosing to ride another jurisdiction's contract, quotes not required, but approval and signature authority should be followed.
- ❖ Requisitions shall be stamped with the appropriate GL code, signature, and date.
- ❖ Vendor with lowest quote will be selected unless otherwise noted.
- ❖ If lowest quote is NOT selected, justification (such as quality) must be noted.
- ❖ Requisitions with any supporting documentation are sent to Purchasing Agent.
- ❖ Prior to purchase, designated Purchasing Agent will acquire Town Manager signature and prepare Purchase Order.
- ❖ Will be noted to Council as an FYI item.

Orders \$50,000 and over

- ❖ Require Council approval and Sealed Bid Procurement
 - If choosing to ride another jurisdiction's contract, bidding procedures not required, but approval and signature authority should be followed.

Sole Source Procurement

- ❖ Prior to purchase, designated Purchasing Agent will obtain Town Manager signature and prepare Purchase Order.
- ❖ Justification for only one source practicably available for that which is to be procured must be documented and maintained.

Emergency Procurement

- ❖ Written determination indicating the nature of the emergency and selection of the particular contractor must be signed by the Town Manager or designated representative.
- ❖ Signed written determination must be maintained.

Appendix B: Procurement Policy Manual – as of September 2012



The Town Of Berryville

Procurement Policy Manual

On September 11, 2012, the Town Council of the Town of Berryville adopted the Virginia Public Procurement Act of the Code of Virginia and this manual as its procurement policy.

I. Purpose, General

The policies contained herein have been developed pursuant to the Virginia Public Procurement Act of the Code of Virginia (“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.

II. Policy

The Town of Berryville adopted the VPPA and this Policy Manual on September 11, 2012 as its procurement policy. A copy of the VPPA is included in this policy manual as Attachment A.

III. Applicability

These policies and procedures apply to all contracts for the procurement of goods, services, insurance 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. 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.

Ethics

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

Solicitations

Amending a Solicitation

If it is necessary to amend a solicitation, prepare, post, 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 Bids, 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.

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 Attorney, 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.

Contract/Purchase Order Modification Restrictions

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.

Documentation of Files

A complete file should 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).

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

Preference is given to goods produced in Berryville, goods or services or construction provided by Berryville persons, firms or corporations, in the event of a tie bid. 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

In determining the award of any contract for paper and paper products the town shall 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.

Award Notices over \$50,000 must be posted in the Town Office for a ten (10) day period immediately following the actual time 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.

VII. 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 is the basic policy of the Town of Berryville to solicit bids for goods F.O.B. (free on board) 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.

VIII. General Terms and Conditions

These General Terms and Conditions are required for use in written solicitations issued by the Town for procurements. You should edit the wording to fit the type of solicitation (IFB or RFP) by either deleting or lining out the inappropriate words in all parenthesis.

APPLICABLE LAWS AND COURTS: This solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the courts of the Commonwealth. The contractor shall comply with all applicable federal, state and local laws, rules and regulations.

ANTI-DISCRIMINATION: By submitting their (bids/proposals), (bidders/offerors) certify to the Town of Berryville that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians With Disabilities Act, the Americans With Disabilities Act and § 2.2-4311 of the Virginia Public Procurement Act (VPPA).

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.

ETHICS IN PUBLIC CONTRACTING: By submitting their (bids/proposals), (bidders/offerors) certify that their (bids/proposals) are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other (bidder/offeror), supplier, manufacturer or subcontractor in connection with their (bid/proposal), and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

IMMIGRATION REFORM AND CONTROL ACT OF 1986: By submitting their (bids/proposals), (bidders/offerors) certify that they do not and will not during the performance of this contract employ illegal alien workers or otherwise violate the provisions of the federal Immigration Reform and Control Act of 1986.

DEBARMENT STATUS: By submitting their (bids/proposals), (bidders/offerors) certify that they are not currently debarred by the Town of Berryville from submitting bids or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

MANDATORY USE OF TOWN TERMS AND CONDITIONS FOR IFBs AND RFPs (Insert wording below appropriate to the solicitation type as indicated):

1. (For Invitation For Bids): Modification of or additions to any portion of the Invitation for Bids may be cause for rejection of the bid; however, the Town reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a bid as nonresponsive. As a precondition to its acceptance, the Town may, in its sole discretion, request that the bidder withdraw or modify nonresponsive portions of a bid which do not affect quality, quantity, price, or delivery. No modification of or addition to the provisions of the contract shall be effective unless reduced to writing and signed by the parties.
2. (For Request For Proposals): Modification of or additions to the General Terms and Conditions of the solicitation may be cause for rejection of the proposal; however, the Town reserves the right to decide, on a case by case basis, in its sole discretion, whether to reject such a proposal.

BILL PAYMENT POLICY

The Town Treasurer shall make payment in full (unless and alternate payment plan has been agreed upon) for all goods delivered or services rendered within thirty days of receipt of the bill.

No goods or services shall be deemed received until such goods are completely delivered and found acceptable by the department head and the receiving report (Form REC-1) is completed. 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.

To Subcontractors:

A contractor awarded a contract under this solicitation is hereby obligated:

To pay the subcontractor(s) within seven (7) days of the contractor's receipt of payment from the Town for the proportionate share of the payment received for work performed by the subcontractor(s) under the contract; or

To notify the town and the subcontractor(s), in writing, of the contractor's intention to withhold payment and the reason.

PRECEDENCE OF TERMS: In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

QUALIFICATIONS OF (BIDDERS/OFFERORS): The Town may make such reasonable investigations as deemed proper and necessary to determine the ability of the (bidder/offeror) to perform the services/furnish the goods and the (bidder/offeror) shall furnish to the Town all such information and data for this purpose as may be requested. The Town reserves the right to inspect (bidder's/offeror's) physical facilities prior to award to satisfy questions regarding the (bidder's/offeror's) capabilities. The Town further reserves the right to reject any (bid/proposal) if the evidence submitted by, or investigations of, such (bidder/offeror) fails to satisfy the Town that such (bidder/offeror) is properly qualified to carry out the obligations of the contract and to provide the services and/or furnish the goods contemplated therein.

TESTING AND INSPECTION: The Town reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

ASSIGNMENT OF CONTRACT: A contract shall not be assignable by the contractor in whole or in part without the written consent of the Town.

CHANGES TO THE CONTRACT: Changes can be made to the contract in any of the following ways:

The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.

The Town may order changes within the general scope of the contract at any time by written notice to the contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The contractor shall comply with the notice upon receipt. The contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Town a credit for any savings. Said compensation shall be determined by one of the following methods:

1. By mutual agreement between the parties in writing; or
2. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the contractor accounts for the number of units of work performed, subject to the Town's right to audit the contractor's records and/or to determine the correct number of units independently; or
3. By ordering the contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The contractor shall present the Town with all vouchers and records of expenses incurred and savings realized. The Town shall have the right to audit the records of the contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Town within thirty (30) days from the date of receipt of the written order from the Town. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this contract. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the contractor from promptly complying with the changes ordered by the Town or with the performance of the contract generally.

DEFAULT: In case of failure to deliver goods or services in accordance with the contract terms and conditions, the Town, after due oral or written notice, may procure them from other sources and hold the contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Town may have.

TAXES: Sales to the Town are normally exempt from State sales tax. State sales and use tax certificates of exemption will be issued upon request.

(NOT NORMALLY REQUIRED FOR SERVICE CONTRACTS)

USE OF BRAND NAMES: Unless otherwise provided in this solicitation, 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.

(NOT NORMALLY REQUIRED FOR SERVICE CONTRACTS)

TRANSPORTATION AND PACKAGING: By submitting their (bids/proposals), all (bidders/offerors) certify and warrant that the price offered for FOB destination includes only the actual freight rate costs at the lowest and best rate and is based upon the actual weight of the goods to be shipped. Except as otherwise specified herein, standard commercial packaging, packing and shipping containers shall be used.

(NOT NORMALLY REQUIRED FOR SERVICE CONTRACTS)

INSURANCE: By signing and submitting a bid or proposal under this solicitation, the bidder or offeror certifies that if awarded the contract, it will have the following insurance coverage at the time the contract is awarded as well as any other insurance requirements laid out in the request for bid or proposal. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the Code of Virginia. The bidder or offeror further certifies that the contractor and any subcontractors will maintain these insurance coverage during the entire term of the contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

MINIMUM INSURANCE COVERAGES AND LIMITS REQUIRED FOR MOST CONTRACTS:

1. Workers' Compensation - Statutory requirements and benefits. Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Town of increases in the number of employees that change their workers' compensation requirements under the Code of Virginia during the course of the contract shall be in noncompliance with the contract.
2. Employer's Liability - \$100,000.
3. Commercial General Liability - \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Town of Berryville, Virginia must be named as an additional insured and so endorsed on the policy.

(Note to Purchaser: When the requirement is for parking facilities and garages for motor vehicle maintenance contracts, the forgoing sentence should be changed to read: These coverages should include Garage Owner's Liability. Contracts with movers or truck transporters should also require motor carrier's liability.)

4. Automobile Liability - \$1,000,000 per occurrence. (Only used if motor vehicle is to be used in the contract.)

NOTE: In addition, various Professional Liability/Errors and Omissions coverages are required when soliciting those services as follows:

Profession/Service	Limits
Accounting	\$1,000,000 per occurrence, \$3,000,000 aggregate
Architecture	\$2,000,000 per occurrence, \$6,000,000 aggregate
Asbestos Design, Inspection, Abatement Contractor	\$1,000,000 per occurrence, \$3,000,000 aggregate
Insurance/Risk Management	\$1,000,000 per occurrence, \$3,000,000 aggregate
Landscape/Architecture	\$1,000,000 per occurrence, \$1,000,000 aggregate
Legal	\$1,000,000 per occurrence, \$5,000,000 aggregate
Professional Engineer	\$2,000,000 per occurrence, \$6,000,000 aggregate
Surveying	\$1,000,000 per occurrence, \$1,000,000 aggregate

DRUG-FREE WORKPLACE: During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, “drug-free workplace” means a site for the performance of work done in connection with a specific contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

NONDISCRIMINATION OF CONTRACTORS: A bidder, offeror, or contractor shall not be discriminated against in the solicitation or award of this contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the bidder or offeror employs ex-offenders unless Town has made a written determination that employing ex-offenders on the specific contract is not in its best interest.

IX. Small Purchase Policy

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.

1. Single Quotation (Up to \$5,000)
 - Where the Town’s estimated cost of goods or nonprofessional services is \$5,000 or less, purchases may be made upon receipt of a minimum of one (1) written, telephone (oral) or electronic quotation.
 - Additional sources may also be solicited.

- A record of the quotation must be kept with the file.
- 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.
- If more than one quote is solicited, the award will be made to the lowest responsive and responsible bidder.
- Employees should seek additional competition whenever there is reason to believe a quotation is not a fair and reasonable price.

Unsealed Bidding (Over \$5,000 to VPPA limit)

- Where the Town's estimated cost of goods or nonprofessional services is over \$5,000 to the small purchase limits set in the VPPA, solicit four (4) valid sources, if available.
- If fewer than the required number of sources are solicited, the reasons shall be documented.

Unsealed Proposals (Over \$5,000 to 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.
- 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.

X. Large Purchases (Over VPPA limits)

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

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 Business Enterprise.
- 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 prebid 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.
- 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.

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.

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.
- If fewer than the required number of sources are solicited, the reasons must be stated in writing and placed in the purchase file.

Preproposal 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.
- 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.

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.

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, 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 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. 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 and determine what is a fair and reasonable price.

Posting Requirements.:

For sole source procurements over \$50,000 public award notices may be posted in the Town Office.

Award Document:

The Town must issue an award document (PO or contract) for sole source purchases. When a quote has been obtained from the vendor and no further negotiations are needed, a purchase order is acceptable.

Emergency Procurement

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:

- The Town must prepare a confirming contract or purchase order, 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.

XII. 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.
- 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:

- A complete file should 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.

Bill Payment Policy

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 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 Complaint to Vendor form (Form CA-1) 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 Complaint to Vendor form.

Vendor Performance Complaints. Complaints and/or discrepancies on vendor performance should be reported as they occur using the Complaint to Vendor Form (Form CA-1). 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 Complaint to Vendor 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 Repurchase Costs. Upon the expiration of the time period stated in the “Notice to Cure,” if a satisfactory resolution has not been reached, send the contractor a Termination for Default letter and take repurchase action. This 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.

Appendix C: Purchasing Card Policies and Procedures –
as of December 2012



The Town Of Berryville

Purchasing Card Policies and Procedures

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 and ensures that vendor receipts, invoices and delivery documentation are retained for each purchase, in accordance with established policies and procedures. The Department Head will serve as the primary contact for the department.

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 this policy. The cardholder is responsible for card activity and retaining vendor receipts, invoices and delivery documentation. The cardholder is also responsible for submitting required documentation, in a timely manner, for coding and approval to the 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 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 monthly reconciliation, reconciliation by the cardholder or reconciliation 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.

- 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 reconciliation must be reviewed by another staff member. The reviewer must sign and date the reconciliation.

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 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. This will include 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.

- 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

The department is responsible to actively protect each of its purchasing 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 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.

Appendix D: Fuel Card Policies and Procedures – as of January 2013



The Town Of Berryville

Fuel Card Policies and Procedures

Fuel Card Policies Overview

1. The Town of Berryville uses Voyager fuel credit cards for vehicle fuel purchases.
2. The Town of Berryville is liable for all authorized charges made on the Card.
3. Fuel for vehicles is to be obtained from any Voyager accepted commercial fuel station. A directory of Voyager locations can be found at www.usbank.com/voyagerfleet/search.jsp.
4. Fuel cards will only allow fuel purchases. The use of this card for any other purpose than fuel and oil for Town of Berryville vehicles is prohibited.
5. Fuel cards are assigned to each vehicle.
6. Each fuel card must remain in the assigned vehicle.
7. Any vehicle containing the card shall be locked up and secured from unauthorized use at all times.
8. The Fleet Manager has the responsibility of insuring each vehicle has a fuel card.
9. If a fuel card is not in the vehicle report immediately to the supervisor.
10. The odometer reading must be keyed correctly at the pump. Odometer readings are used to monitor the vehicle's preventative maintenance schedule and provide verification for Finance to pay the bill.
11. All purchases using the Voyager card are assigned and tracked to a specific vehicle.
12. An exception report is sent to the Department Head for purchases other than fuel or oil for review. Voyager purchases that do not appear to be consistent with established policies will be investigated by the Department Head.

Fuel Card Use Overview

1. Swipe card at pump and enter information when prompted.
2. When asked for the odometer reading, enter the current odometer reading from the vehicle.
3. If information is cut off of the receipt, write it on the receipt from the pump screen.
4. If receipt is not given at pump, go inside and have one printed.
5. Return receipts to the Department Head.

I. Purpose, General

The purpose of the fuel card program is to provide the Town of Berryville with an efficient and reliable way to make fuel purchases. All purchases using the Voyager card are assigned and tracked to a specific vehicle. The fuel card should be used at the pump of participating vendors. A directory of Voyager locations can be found at www.usbank.com/voyagerfleet/search.jsp.

II. Participation

Unless otherwise specified, the authority to use the fuel card will be delegated to all departments, referred to as “department” hereafter.

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

III. Roles

Program Administrator

The Treasurer manages the fuel 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 fuel card program. The Department Head monitors card activity and ensures that vendor receipts, invoices and delivery documentation are retained for each purchase, in accordance with established policies and procedures. The Department Head will serve as the primary contact for the department.

Drivers

The Driver is an individual employee assigned a vehicle equipped with a Voyager Fuel card. The driver is responsible for card activity; retaining and submitting receipts and safeguarding the card.

IV. Safeguarding the Card

Each card is assigned to and shall be stored in a specific vehicle. Any vehicle containing the card shall be locked up and secured from unauthorized use at all times.

V. Card Uses

Subject to the limitations discussed in this policy, the fuel card may be used for fuel and oil only. An exception report is sent to the Department Head for purchases other than fuel or oil for review. Voyager purchases that do not appear to be consistent with established policies will be investigated by the Department Head.

VI. Other Program Requirements

Employee Agreement Form

An Employee Agreement form must be signed before a driver may utilize fuel cards. Drivers must agree to re-sign the Agreement when necessary. The form acknowledges the driver'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.

Accuracy

The odometer reading must be keyed correctly at the pump. Odometer readings are used to monitor the vehicle's preventative maintenance schedule and provide verification for the Finance Department to pay the bill. The odometer reading requirement does not apply to Department "gas can" cards.

Receipts

Vendor receipts must be retained for each transaction. Receipts should show all details pertinent to the transaction.

- 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 Driver and the Department Head.

Document Retention

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

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.

Lost or Stolen Cards

Lost or stolen cards shall be reported to the Department Head immediately. The Department Head must also notify the Treasurer immediately.

Reissue of a Lost or Stolen Card

To request a replacement of a lost or stolen card, forward a memo from the Department Head 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.

Violations of Policy

The fuel card is an opportunity for town staff to maximize efficiency in the procurement of fuel; 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.

Fraud and Misuse

Deterrence

The department is responsible to actively protect each of its fuel 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.
- Safeguard Driver PIN numbers.

Occurrence of Fraud or Misuse

If fraud or misuse is suspected, the Department Head 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.

Appendix E: Town Code, Sec. 2-6 – as of July 2006

Sec. 2-6. - Signing of checks on town funds.

Checks for duly authorized disbursements of town funds shall be signed by either the town treasurer or town manager and, except for payroll checks, cosigned by either the mayor or recorder.

(Code 1971, § 2-4; Ord. of 7-11-06(1))