



ACCOUNTING AND PURCHASING POLICY MANUAL

INTRODUCTION

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

TREASURY

BUDGET PROCESS

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

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

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

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

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

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

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

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

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

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

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

Step Nine – Budget Introduction by the Council

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

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

Step Twelve – Public Hearing.

Step Thirteen – Budget Adoption.

FUND BALANCE POLICY

Purpose: The purpose of this Surplus Policy is to

1. Establish a target range that Wayne Desires to maintain its Current Fund Balance within.
2. Establish procedures for managing and monitoring Wayne’s fund balance to ensure that the level remains within the targeted range.
 - a. Target Range: Wayne shall endeavor to maintain its Current Fund Balance within a range such that available Fund Balance is 5% to 10% of anticipated revenues.
 - b. Procedures for managing Targeted Fund Balance.
 - i. Wayne will establish its annual budget so that projected Available Fund Balance at the end of the fiscal year is within the Target Range.
 - ii. Wayne will utilize its best estimate of actual Fund Balance at the beginning of the fiscal year and its best estimate of all revenues and expenses for the budget to project ending Fund Balance.
 - iii. The Fund Balance projection will be presented to the Council for review as part of the budget presentation.

PAYROLL

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

seasonal employee is to start work PRIOR to a Status Form being processed (signed by all parties and input into Kronos). NO EXCEPTIONS.

PAYROLL OVERTIME

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

FULL TIME EMPLOYEES

The Township has a longstanding policy and practice of paying employees every two weeks on a Friday. In 2016 like most years, this works out to twenty-seven (27) pay-periods. Therefore, each paycheck will be one, twenty-seventh (1/27th) of an employees annualized regular 2016 salary.

Your last paycheck of 2016 will be on December 30, 2016 at which time all regular pay for 2016 will have been paid. So, as long as employees work the entire year, the entire year's pay is received and the employee will not owe the Township. But, should an employee abruptly leave employment during the year, for any reason, it is possible they will owe the Township for overpayment.

The first and second paychecks of 2016 will include overtime and adjustments from 2015. Therefore, these adjustments/overtime will be included in your 2016 earnings and will be shown on the 2016 W-2. All other paychecks received in 2016 will contain only 2016 wages earned.

Employees leaving for any reason except retirement (see below) are required to give a minimum of two weeks' notice or they may be responsible to reimburse the Township for any overpayment or work beyond a payday to earn the overpayment, thereby eliminating the need for reimbursement. The Township has never withheld or held back any pay from newly hired employees as some other employers do.

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

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

DEPOSITS

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

SEMINAR AND CONFERENCE EXPENSES

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

1. The employee **MUST** receive a separate, detailed receipt from and prepared by the restaurant for EACH and EVERY meal that shows the cost of the meal and tip. There will be **NO** reimbursement **WITHOUT THE ORIGINAL** receipt. A receipt that only shows a lump sum amount is **NOT** acceptable.
2. Reimbursements are for the employee **ONLY**.
3. The Township does **NOT** reimburse for alcoholic beverages.
4. If an employee purchases gasoline while out of Wayne, he/she **MUST** submit an **ORIGINAL** receipt in order to get reimbursed. Receipts will be needed for reimbursements of tolls as well. If EZ Pass is used, a copy of the EZ Pass Statement is an acceptable form of receipt.
5. Any reimbursement for conventions/meetings/seminars must be submitted to Purchasing and paid in the same year that those expenses were incurred. For example, if an employee attends a seminar in April of 2016 reimbursement for that expense must be requested and paid in 2016. If this request is made in 2017 it will be denied. **NO EXCEPTIONS**.
6. Reimbursable mileage for travel to and from seminars and conferences will be calculated as follows;
 - a. Leave from and return to your residence – total mileage to and from the seminar/conference **LESS** total mileage to and from your residence to the municipal building. Please submit printout from MapQuest or other website indicating to/from mileage with the reimbursement request.
 - b. Leave from and return to the municipal building – total mileage from the municipal building to the seminar/conference and from the seminar/conference to the municipal building. Please submit printout from MapQuest or other website indicating to/from mileage with the reimbursement request.
 - c. The Township does not pay for hotel or travel expenses (air, train) should someone attend a seminar/convention that requires an overnight stay and/or out of state travel. The Township will pay for the registration fee and gas and meals in accordance with the above policy. Any requisitions for travel expenses (air, train, etc.) and hotels will be returned.

MISCELLANEOUS

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

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

A prior year PO CANNOT be used in the current year unless that item/service was purchased/performed in the prior year. Example: If I order a widget from Home Depot in 2017 I CANNOT use a 2016 Home Depot encumbering PO to pay for that widget. I MUST issue a NEW PO prior to that widget being ordered. If the widget was ordered in November 2016 but was not delivered until February 2017 I can use a 2016 encumbering PO to pay for that item. The exception to this is an ongoing project which is funded by a bond/capital ordinance. If you are not sure whether or not a PO should still be used Treasury or Purchasing should be asked PRIOR to any purchase being made.

PETTY CASH POLICY

There are only two petty cash funds approved for the Township of Wayne, one for the Library and one for Town Hall, located in the Revenue Department. Petty cash funds can only be used for the payment of incidental expenses, mileage, tolls, parking etc. and are not repetitive in nature. Funds shall not be used to circumvent the purchasing procedures of the township. A petty cash expenditure is an expenditure not exceeding \$25.00.

Procedures:

1. A petty cash reimbursement request must be completed by the requester (see below for a copy of the request form).
2. The request must be approved and signed by the requester's Department Head.
3. All petty cash requests must be supported by an original itemized receipt, credit card statement or EZ-pass bill.

Petty cash requests must also be signed by the CFO, Assistant Finance Director or the Deputy Treasurer before being submitted for reimbursement.

4. The person receiving the cash must sign the request form at the time of receipt.
5. All replenishment requests shall be done by purchase order with supporting original receipts attached.
6. Checks to replenish petty cash shall be made out to the custodian of the petty cash fund.
7. Periodic reconciliations of petty cash must be performed.
8. All petty cash funds shall be closed out before December 31st of each year.
9. All approved funds shall be reestablished at the first council meeting the following January.

TAX APPEAL NOTIFICATIONS

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

PURCHASING DEPARTMENT

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

PURCHASE ORDERS (POs)

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

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

During an emergency it may be necessary to make a commitment without a PO. An emergency contract is permitted when an emergency affecting the public health, safety or welfare requires the immediate delivery of goods or the performance of services. In such cases, the following procedures are required:

1. The department head or his/her designee, shall notify the Business Administrator of the need for the performance of a contract, the nature of the emergency, the time of its occurrence and the need for invoking this section. If the Business Administrator is satisfied that an emergency exists, that person shall be authorized to contract for such purposes as may be necessary to respond to the emergent needs.
2. Such notification shall be reduced to writing and filed with the Business Administrator as soon as practicable.
3. The contract(s) shall be of such limited duration as to meet only the immediate needs of the emergency.
4. Under no circumstances shall the emergency purchasing procedure be used to enter into a multi-year contract.
5. In the event that the Business Administrator is unavailable, then the Specifications Writer shall be contacted for prior approvals.

Again, if you have any questions, please ask before rather than after taking an action.

REQUISITIONS

The Requisition is Purchasing's authority to initiate the procurement process. A complete and accurate description of the items to be purchased, quantity to be purchased, date of quote, date material is needed, where delivery is to be made, vendor information and type of purchase MUST be entered on the Requisition.

The Edmunds generated Requisition will be the only acceptable method to generate a PO. Manual Requisitions will no longer be accepted.

Edmunds Generated Requisitions

Edmunds generated Requisitions will have no print-outs.

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

The Department Head must sign and date the original quote. The Department Head must also write the full account number and indicate whether the items to be purchased are BID (if bid you must include the bid/contract number), NON-BID, STATE CONTRACT, CO-OP (delineating which one, along with the contract number) RESOLUTION, or QUOTE, on the original quote. The original quote with information provided by the Department Head must be scanned and attached to the Requisition in Edmunds. Purchasing shall amend the Requisition if deemed necessary to conform to Local Public Contracts Law. Backup MUST be attached in Edmunds for all Requisitions. If information is missing, the Requisition will be placed back on Open Status.

SECURING PRICES

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

The following methodologies may be utilized to obtain prices:

- Telephone/Email – The greatest number of prices are obtained by the use of the telephone or email. Note: Obtaining a price from a vendor does not constitute a purchase and the successful vendor should be advised to wait for a PO before shipping any items. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.**
- Quotation Request (purchases over \$6,000) – A written request should be sent to selected vendors describing the items needed. The vendor should respond via email or fax to your solicitation and these responses must be part of your backup. In time sensitive cases, quotes may be obtained by telephone. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.**
- Cooperative Purchasing Contracts – New Jersey State Contracts (administered by the New Jersey Division of Purchase and Property), the Morris County Cooperative Pricing Contracts, Somerset County Cooperative Contracts, North Jersey Wastewater Cooperative Contracts and the Middlesex Regional Educational Services Cooperative Contracts are available for the purchase of many goods and services and should be utilized as much as possible (from time to time other cooperatives may be made available so please check with Purchasing). Although not required it is still a good idea to solicit multiple quotes even when utilizing a co-op vendor to insure that we are getting the best available price. Purchases exceeding \$40,000 made under State Contracts or any co-op (in the aggregate) **MUST** have the Council's approval **PRIOR** to any goods or services being purchased. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.**
- Formal Bids (purchases over \$40,000) – State Law requires that sealed bids be solicited when purchases exceed the bid threshold in the aggregate for a calendar year. **IN NO CASE, SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.**

DOLLAR THRESHOLDS

- Under \$6,000 – These purchases are normally made by the using department. Although not required, it is **STRONGLY SUGGESTED** that a minimum of three quotes be obtained even if the goods or services to be purchased are under the quote threshold. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.**
- \$6,000 to \$17,499 – These purchases REQUIRE three written quotes. If for some reason quotes cannot be obtained, a written explanation as to “why not” must accompany the requisition. In time sensitive cases, quotes may be obtained by telephone. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER.**
- \$17,500 to \$39,999 – Any purchase \$17,500 or above REQUIRES a Council Resolution pursuant to the NJ Pay to Play Law (P2P). Other than for an emergency (lack of proper

planning does not constitute an emergency), NO purchases for goods or services exceeding \$17,499 can be made without a PRIOR resolution of Council. At the beginning of each year a \$16,500 threshold is established for all vendors and this amount CANNOT be exceeded without the PRIOR approval of the BA unless authorized by a bid award. Once the \$16,500 threshold has been met the need for a resolution will be discussed with the using department. **IN NO CASE SHOULD ANY GOODS OR SERVICES BE PURCHASED WITHOUT AN APPROVED PURCHASE ORDER. PAY TO PLAY THRESHOLDS APPLY TO THE VENDOR AND NOT JUST TO A SPECIFIC PROJECT. REGARDLESS OF WHETHER OR NOT A VENDOR IS THE ONLY ONE ABLE TO SUPPLY GOODS/SERVICES A P2P RESOLUTION IS STILL REQUIRED PRIOR TO ANY PURCHASE BEING MADE. P2P paperwork, which can be obtained from Purchasing, MUST be in our office a minimum of ten days prior to a council meeting.**

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

BID PROCEDURES

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

Bids are normally opened by the Township Clerk in a public setting at 11:00 AM on Tuesday mornings unless otherwise noted in the public notice. A tabulation is prepared by the Purchasing Department in order to analyze the proposals received. This analysis is then forwarded to the using department who shall submit a written recommendation to the BA (on letterhead) to award a contract to the lowest responsible and responsive bidder(s) or to reject the proposals received. A final recommendation will be sent by the BA to the Council for their official action. After the bid is awarded Legal shall prepare a contract to be sent to the vendor for signature.

Once the contract has been executed by all parties, purchase orders may be issued against the contract.

A PO for a contract awarded by the Township Council must be requested by the using department as soon after the Council Meeting as is practical. Waiting months to request a PO is NOT acceptable.

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

PURCHASE ORDERS

A Purchase Order is prepared by Purchasing, utilizing the using department's Requisition. Purchase Orders are prepared through the Edmunds Accounting System. The BA shall sign all POs. In the absence of the BA a designee may sign POs. Distribution of copies is as follows:

- White and Yellow copies are mailed to the vendor. The yellow copy is a payment voucher which the vendor must sign and return via mail (original signature is required) with an invoice in order to receive payment for services rendered.
- Pink copy is the using department's copy and is retained by them.
- Gold copy is the Treasury Department's encumbrance copy.
- Green copy is the Purchasing Department's alphabetical copy.

The cutoff for next day POs is 1:00 PM. The last day for POs in any calendar year will be determined by the BA or CFO but is usually around the Christmas holidays so plan accordingly.

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

A prior year PO CANNOT be used in the current year unless that item/service was purchased/performed in the prior year. Example: If I order a widget from Home Depot in 2017 I CANNOT use a 2016 Home Depot encumbering PO to pay for that widget. I MUST issue a NEW PO prior to that widget being ordered. If the widget was ordered in November 2016 but was not delivered until February 2017, I can use a 2016 encumbering PO to pay for that item. The exception to this is an ongoing project which is funded by a bond/capital ordinance.

PARTIAL PURCHASE ORDERS

Edmunds generated partials:

Encumbrance Distribution of copies is as follows:

- White and Yellow copies are mailed to the vendor. The yellow copy is a payment voucher which the vendor must sign and return via mail (original signature is required) to receive payment for services rendered.
- Pink copy is the using department's copy and is retained by them.
- Green copy is the Purchasing Department's alphabetical copy.

Blanket Distribution of copies is as follows:

- White copy is mailed to the vendor.
- Yellow copy is the using department's copy and is retained by them. The yellow copy is a payment voucher. Since the vendor already signed the Blanket copy, indicate on yellow copy "signature on file," in place of vendor signature line.
- Pink copy is the using department's copy and is retained by them.
- Green copy is the Purchasing Department's alphabetical copy.

For all Edmunds generated partials, the Department Head must sign and date the original invoice. All back up documents must be held by the using department. Once the yellow copy is returned from the vendor and signed by the Department Head, the yellow copy and all back up documentation (quote, invoice, packing slip) MUST be sent to Purchasing for approval. If information is missing, the partial will be returned to using department.

PREVAILING WAGE PROCEDURE FOR DEPARTMENTS

(This procedure is for Public Works Projects*)

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

Public works projects subject to the Act are those funded in whole or in part with the funds of a public body. Contracts awarded directly by municipal government must be valued at \$15,444 (effective July 1, 2014) or more to be covered by the Act.

IF you have a vendor that has been awarded a bid for over \$15,444.00 you MUST receive Prevailing Wage Documents from them. YOU CANNOT PAY THEM WITHOUT PREVAILING WAGE DOCUMENTS.

IF you have a vendor that you are working with over the course of a year and you realize you have paid them \$15,444.00 you MUST speak with Purchasing as you CANNOT PAY THEM WITHOUT PREVAILING WAGE DOCUMENTS.

Send those original documents with your signed Payment Voucher (Yellow.)

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

PAYMENT SCHEDULE

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

Treasury prepares a "Bill List" for the Governing Body's approval every Friday for the next subsequent Council Meeting.

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

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

All contracts for improvements to real property and structures regardless of the dollar amount are governed by the Prompt Payment Law (P.L., 2006, c. 96), N.J.S.A. 2A:30A-1 et seq., which establishes timing standards for the payment of bills for a wide range of construction-related contracts.

Per the Prompt Payment Law the Township must pay a contractor not more than thirty (30) calendar days of receipt of the date the bill is received by the Township. Accordingly, all bills MUST be date stamped upon receipt. If a bill is being challenged, the contractor MUST receive a written statement of the amount withheld and the reason for withholding payment within twenty (20) calendar days of the receipt of the bill.

Please refer to Local Finance Notice LFN 2006-21 dated November 1, 2006 (this can be obtained by going on-line). However, it is imperative that anyone managing any contract for improvements to any land and its appurtenances be familiar with this law. There are financial penalties attached to the failure to follow this law so please make sure you are totally familiar with Prompt Payment.

CHANGE ORDERS

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

DISPOSITION OF SURPLUS AND OBSOLETE EQUIPMENT

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

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

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

CONTRACT MANAGEMENT

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

If a using department is not happy with the vendor, that vendor must be provided with written notification delineating the problems and providing a date by which these problems must be

corrected. If written notification is not given the Township will not be able to take any action against the vendor or disbar a vendor from bidding on future contracts. Once the using department has compiled such a list the information should be sent to Purchasing. At that time a course of action will be developed. Should you have any questions with respect to what constitutes proper notification please contact Legal.

USE OF TOWNSHIP CREDIT CARDS

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

MISCELLANEOUS

1. The purchase of any furniture (desks, chairs, etc.) will require prior approval of the BA before any PO is processed.
2. Request for agenda items must be received by the BA no later than 12:00 PM of the Wednesday proceeding the week of the Council Meeting. A request for a bond ordinance must be received by the BA no later than 12:00 PM of the Tuesday proceeding the week of the Council Meeting. Agenda items should not be sent to the Legal Department directly.
3. People having office holiday parties must pay for these themselves. Township funds, monies from dedicated accounts, etc. may NOT be used for this purpose. This type of PO will NOT be approved.
4. **LACK OF PROPER PLANNING DOES NOT CONSTITUTE AN EMERGENCY.**
5. For those departments ordering shoes, sweatshirts, jackets, summer t-shirts, etc. (per a collective bargaining agreement) all orders **MUST** list the name of each person who will be receiving shoes, sweatshirts, summer t-shirts, etc. Any requisition/PO not including names will be returned.
6. From time to time departments/divisions sponsor meetings where breakfast/lunch/dinner is served. Care should be taken to insure that we are being as economical as possible. In other words, a menu of pizza is acceptable while a hot meal from a nice restaurant is not. It does not matter if the funding is coming from a dedicated account. We are dealing with public funds and we must be very careful how these funds are spent. Any bills beyond what is considered acceptable will NOT be paid for by the Township. If you have a question as to what may or may not be acceptable you should ask **PRIOR** to placing an order.
7. Any supervisor coordinating a professional service contract **MUST** provide a monthly status (no later than the 10th of each month) to the BA. This should include, but not be limited to, total authorized expenditures, money spent the prior month, total money spent and resolution number if applicable. When seventy-five percent of the authorized funding has been expended you **MUST** discuss the need for additional funding with the BA. This will insure that monies spent will not exceed the authorized appropriation. **No** retroactive resolutions for contract amendments will be presented to the Council.

8. Any document (letter, memo, etc.) received in hard copy by your office MUST be date stamped so we have a record of when that document was received by the Township. All major print jobs MUST be reviewed with IT prior to performing that job. If that is not done that print job WILL be charged to your budget. NO EXCEPTIONS!!
9. When staff lay money out for minor purchases the original receipt MUST be submitted with the request for reimbursement. No original receipt NO reimbursement!! NO EXCEPTIONS!! COPIES ARE NOT ACCEPTABLE.
10. Certified payrolls for construction contracts/projects (if applicable) must be sent to the Township Clerk's Office as soon as you receive them. Make sure the contract/project name and number are referenced on all sheets.
11. We currently use UPS (should the vendor change during the course of the year you will be advised of the new vendor, phone number, etc.) to send packages, etc. The following procedure MUST be employed when utilizing this service.
 - a. Fill out the necessary form.
 - b. Call UPS at 1-800-742-5877, press "0" two times to "please speak to someone." Give them your name, account number (F05630) your name and department where they will be picking up the package.
 - c. Make a copy of the shipping document and send to Purchasing.
 - d. Please provide a department account number for billing purposes on the copy of the shipping document.
 - e. If you have any questions please contact Purchasing.

