

# **City of Salem, Massachusetts, Finance Department Fiscal Policy**

**No. 2008-02**

**SUBJECT: Purchase Order & Requisition Processing**

**Effective Date: March 24, 2008 -**

**Revised 10.30.14**

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## **POLICY**

Pursuant to City Ordinance, all purchase orders, contracts or any other agreements for goods and/or services must be processed through the Purchasing Department, before said goods or services are ordered or engaged. Emergency procurements are permissible but must comply with the requirements listed in the "Procurement Manual: Policies and Procedures" located in the 'Public' folder under 'Purchasing.'

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## **PROCEDURES FOR DEPARTMENTS**

1. Departments must first receive a quote/price for the goods and/or services desired. Please ensure that SHIPPING, and any other charges are included in the quote.
2. Departments must then enter a requisition in MUNIS.
3. The requisition must then be approved by the Department Head (or the individual authorized to approve requisition in the Department Head's absence as listed on the "Delegation of Authority" form filed with the Finance Department.)
4. The purchasing department will process the requisition and issue a purchase order.
5. If the requisition complies with the relevant state law and City ordinances, the Purchasing Department will process the requisition and issue a purchase order ('PO').
6. Purchasing will mail the PO to the vendor unless the words, "PO to Department/Dept." are entered in the 'General Notes' section (just below 'General Description'.)
7. Once the Department receives the PO, or PO number, they can then place the order for the good or service. Nothing should be ordered PRIOR to getting a valid PO number.

8. Blanket purchase orders are permissible under City Policy. Blanket purchase orders must not exceed \$5,000 unless the Vendor is under contract with the City or holds a valid state contract. A blanket purchase order must exist (and funds encumbered) prior to any purchases. This includes reimbursements to employees for purchases or travel reimbursements allowable under the Cities travel policy. The City of Salem is NOT responsible for reimbursing any employee who does not have a valid reimbursement purchase order already in existence prior to the purchase or travel.

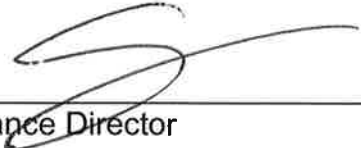
## PROCEDURES FOR PURCHASING DEPARTMENT

1. The Purchasing Department will review each requisition submitted by the departments to ensure they comply with Massachusetts General Law, City Ordinances, and City Policies.
2. The purchasing department will process each requisition, create a purchase order, and mail purchase order to the vendor, unless directed otherwise (See Step 5 of "Procedures for Departments.")

## PROCEDURES FOR FINANCE

1. The Finance Department will run a monthly report of all invoices paid and list by department, all invoices with dates PRIOR to that of the Purchase Order.
2. The Finance Department will send a copy of this report to each department head included in the report, as well as to the Finance Director.
3. The Department Head will be required to provide a written response to the Finance Director as to why the item/service was purchased in violation of State and/or City policies.

  
\_\_\_\_\_  
Purchasing Agent

  
\_\_\_\_\_  
Finance Director

10/30/14  
Date

11/3/2014  
Date

## **PURCHASE ORDER EXEMPTION LIST**

**Purchase Orders will NOT be required for the following payments:**

1. Utility Bills (Gas, Electric, Oil, Telephone). This does NOT include the purchase of telephones or other equipment.
2. State & Local Assessments by Treasurer's Office.
3. Medical, Dental and Life invoices.
4. Debt Service Payments by Treasurer's Office.
5. Legal Judgments.
6. Property & Casualty Insurance.
7. Postage (US Postal Service, UPS and Fed-Ex).
8. All refunds (bids, overpayments, etc.)
9. Cemetery Perpetual Care - transfers to trust fund ONLY.
10. Scholarships.
11. Student Activity Checks to school.
12. Payments to Commonwealth of Mass for grant money returned, state taxes, and any fees collected on behalf of state agencies.
13. CDBG Loan Payments.
14. Payments made from agency accounts – 8900\* orgs.

**All other payments require a purchase order.**

**No shipping charges or other small amounts can be paid on the line. Please make sure that you ASK vendors to include shipping charges in all quotes/bids.**