



BOROUGH OF
Midland Park
NEW JERSEY

Borough of Midland Park *Purchasing Procedures Manual*

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P-Card Program

Midland Park Borough SOLICITATION OF QUOTATION RECORD FORM

DEPARTMENT _____

ITEM OR SERVICE _____

Verbal Quotes for Less Than \$6,600.00
Written/Formal Quotes \$6,600.00 but less than \$44,000.00 - Quotes
Attached (Quotes over \$17,500.00 must contact the QPA)

DATE CALLED: _____

VENDOR: _____

PRICE: _____

DELIVERY: _____

SPECIAL TERMS: _____

DATE CALLED: _____

VENDOR: _____

PRICE: _____

DELIVERY: _____

SPECIAL TERMS: _____

DATE CALLED: _____

VENDOR: _____

PRICE: _____

DELIVERY: _____

SPECIAL TERMS: _____

Recommended Vendor _____ Department Initials _____

Cost: _____ Administrator Initials _____

Account Number: _____

Comments: _____

Please ensure that you (1) attach all appropriate written quotes and (2) fill out the proper account number or else this form will be returned to your department.

Thank you for your anticipated cooperation.

SECTION 1

I. Goals of the Borough of Midland Park

- A. The New Jersey Local Publics Contract Law (N.J.S.A.40A:11-1 et. Seq.,)requires that no purchase of goods and services, construction and all related services to the Borough of Midland Park be made without certification that there is adequate adherence to procurement law as well as certification funding. The purpose of said laws and this policy manual is to ensure that the public tax dollars are expended in a transparent and legal manner.
- B. The purpose of this manual is to describe the purchasing system of the Borough of Midland Park, and its relationship to the certification of available funds that is required for the purchase of goods and services, materials, services and construction.

II. Standards of Conduct for Employees Engaged in the Selection, Award, and Administration of Contracts:

- A. All personnel engaged in the selection, award, and administration of contracts shall adhere to the standard of conduct set forth in N.J.S.A. 40A:9-22.5, as more specifically provided for therein, which is reiterated below:
- B. No local government officer or employee or member of his immediate family shall have an interest in a business organization or engage in any business, transaction, or professional activity, which is in substantial conflict with the proper discharge of his duties in the public interest;
- C. No local government officer or employee shall use or attempt to use his official position to secure unwarranted privileges or advantages for himself or others;

- D. No local government officer or employee shall act in his official capacity in any matter where he, a member of his immediate family, or a business organization in which he has an interest, has a direct or indirect financial or personal involvement that might reasonably be expected to impair his objectivity or independence of judgment;

III. General Principles

- a. Each Department Head has jurisdiction over his or her department, budgetary and financial management must be consistent with the State of New Jersey statutes and procedural guidance and regulations. The New Jersey Division of Local Government Services provides for guidance in procurement through the administration of the New Jersey Administrative Code (N.J.A.C.5:34-1 et. Seq.,) and through the issuance of Local Finance Notices.
- b. Accordingly, no Borough employee, elected or appointed official may appropriately purchase, or commit to purchase any goods or services, without there first being a certification of available funds by the Chief Financial Officer and approval by the Borough of Midland Park's Qualified Purchasing Agent.

IV. Definitions

- A. "Aggregate" means the sums expended or to be expended for the provision or performance of any goods or services in connection with the same immediate purpose or task, or the furnishing of similar goods or services, during the same contract year including all Borough agencies and departments.

A. including all Borough agencies and departments.

SECTION 2

I. Threshold Concepts (N.J.S.A. 40A:11-3)

It is imperative that all Borough Agencies adhere to the following basic concepts of New Jersey Public Procurement.

- A. The Borough of Midland Park bidding threshold is \$44,000.00.
- B. "Bid threshold" means the dollar amount of \$44,000.00, above which Midland Park Borough shall advertise for and receive sealed bids.
- C. Quotation Records
 - a. If the department solicits quotations, then the department shall retain the record of the quotation solicitation and shall include a copy of the record with the voucher used to pay the vendor.
 - b. A copy of the quote solicitation paperwork shall be scanned and included in the Townships financial encumbrance system.

II. Threshold guide map

- A. \$0.00-\$6,600.00 (Verbal Quote Threshold, Goods and Services)
- B. \$6,600.00 - \$44,000.00 (Written Quote Threshold – Construction see Section 8
 - a. All procurements over the amount of \$6,600.00 require:
 - 1. The end user obtains a minimum of three (3) quotes filled out on the QUOTE sheet and uploaded as an attachment within the encumbrance system.
 - 2. It should be noted that the obtaining of a quote where a vendor cannot offer the goods or service is considered a non-quote. Legally a non-quote suffices to serve as one of the three (3) quotes and needs to indicate the date, time and with whom the end user spoke.

C. **Window Contracts \$17,500.00 - \$44,000.00 see Section 9 Pay to Play – Contact Qualified Purchasing Agent.

D. For a purchase to move forward under this threshold a vendor will as of necessity be required to provide:

- Business Registration Certificate 52:34-55
- United States Treasury W-9 form
- AA302 New Jersey EEO monitoring compliance form

E. \$0.00-\$16,26 .00- Construction, Alteration, Demolition (excluding Janitorial and Landscaping) Threshold (for Federal Funds quotes see Section 19.

a. These quotes are for public works project but below the prevailing wage threshold.

b. Public Work - (N.J.S.A. 34:11-56.4 et seq.) & Prevailing Wage Act (N.J.S.A. 34:11-56.25 et seq.)

1. "Public work" means construction, reconstruction, demolition, alteration, custom fabrication, or repair work, or maintenance work, including painting and decorating, done under contract and paid for in whole or in part out of the funds of a public body, except work performed under a rehabilitation program. "Public work" shall also mean construction, reconstruction, demolition, alteration, custom fabrication, or repair work, done on any property or premises, if the work is paid for from public funds, if, at the time of the entering into of the contract the property or premises is owned by the public body.

2. The end user seeking quotes BELOW the threshold for public work of \$16,26 .00 shall follow the process found in Section II II (A)

. Under the definition of public work and the aggregate amount of public work to proceed is more than \$16,26 .00 but below \$44,000.00 as known by estimates, the vendor must provide

for their works to be compensated according to prevailing wage rates.

4. Prevailing Wage – rates are found here "New Jersey Prevailing Wage Determinations Bergen County"

F. \$16,26 .00 - \$44,000.00 - Construction, Alteration, Demolition (excluding Janitorial and Landscaping) Threshold. **Contact Qualified Purchasing Agent**

- a. The end user seeking quotes for public work shall follow the process found in QUOTE Section II (A). IN ADDITION TO:
- b. The vendor and subcontractors must provide the Borough of Midland Park a "Public Works Registration Certificate" N.J.S.A. 34:11-56.48.
 - a. ***It needs to be noted that the effective date of the certificate as shown on the form must be on the date on or before any quote or bid opening. It is not allowable for a vendor to obtain a form after being informed they will be awarded the work***.
- c. The vendor and any subcontractors all must provide the following for work to commence:
 - Business Registration Certificate, N.J.S.A. 52:34-55
 - United States Treasury W-9 form
 - Prevailing Wage Certified Payrolls. The vendor must submit to the Borough of Midland Park Finance Office within 10 days of their own payroll a New Jersey Department of Labor Certified Payroll form.
 - New Jersey Construction EEO Compliance Monitoring Form AA201 Pre- Construction
 - New Jersey Construction EEO Compliance Monitoring Form AA202 Monthly & Post- Construction

G. WINDOW CONTRACTS - \$17,500.00 to \$44,000.00 Formal Quotes – Contact Qualified Purchasing Agent

- a. These contracts and quotations are known as “window contracts” as they have exceeded the pay to play thresholds but are below the bid threshold for the Borough. The key concept here is the quotes obtained have not been publicly advertised.
- b. Aggregation (Section 9, Pay to Play) becomes a key concept here on both commodity and vendor aggregation. The Purchasing agent as part of his/her duties is strictly charged with maintaining an accurate accounting for the level of commodity aggregation as well as the yearly vendor aggregation to determine the method of procurement for repeat vendor orders.
- c. The end user obtaining a quote between the \$17,500.00 and \$44,000.00 must document the quotes and submit the quotation form in the requisition system alerting the purchasing agent that the procurement is being made as a window contract and a REQUIRED DISCLOSURE must be initiated.
- d. If this manner of procurement is conducted the vendor will be forwarded by the Qualified Purchasing Agent a Business Entity Disclosure Contribution form and a Ch. 271 Political Contribution Disclosure Form for completion and sending back to the Borough.
- e. There will be a 10-day period prior to enacting any resolution of award after the Borough receives back both the notarized BED-C and PCD forms.
- f. If the end user contacts purchasing a request a formal request for proposals in a fair and open manner by advertising on the purchasing website, and/ or legal publication advertisement, the proposals may be received, and the requisition initiated in a fair and open manner. Such a procurement will follow the same route as lower quotes and may be awarded following certification of funds, as the procurement was advertised there is no further need for the BED-C form or PCD form to be filled to and returned.

H. \$44,000 or higher, the bid threshold – Contact Qualified Purchasing Agent

- a. Procurement that is a commodity, service or construction that is not exempt (N.J.S.A. 40A:11-5) from public bidding and not a cooperative purchase must be publicly bid.

- b. Specifications are the responsibility of the department head working with the Qualified Purchasing Agent and Engineer where necessary and are subject to the following standards for specifications:
 - . The specifications must be edited for technical and grammatical accuracy and in final form prior to requesting bid.

 - . Specifications shall not be restrictive. No brand names may be requested, only “brand name, or equivalents.”

 - . Specifications shall be submitted via e-mail to the purchasing agent.

 - . The using department must provide account number(s), and allocation or engineer’s estimate with the bid request.

 - . Specification preparation is the responsibility of the using department. The department must provide the budget estimates as well as justifications for procurement. The quantities requested must be justifiable either through history or usage or specific capital projects. Purchasing will advertise for bids, open and review bids, tabulate and forward to requesting department for recommendation of award. Upon recommendation of award, user agency shall encumber funds and CFO shall certify funds.

- I. Construction Bids
 - a. See Section 8, Construction

SECTION 3

I. Encumbrance Systems (N.J.A.C. 5:30-5.1)

- A. An encumbrance is the first part of a three-part process for purchasing and paying for goods or services.
 - a. The other two processes are the Accounts Payable and Cash Disbursements process.
 - b. An encumbrance is a special type of accounting transaction that anticipates a future expenditure. Funds are encumbered, or set aside, in an appropriation or budgetary account for a specific future purchase. The document used to record an encumbrance is a Purchase Order.

- B. An encumbrance system requires that proper authorization must be obtained via requisition prior to the ordering of goods or services.
 - a. An encumbrance system enables the administration to fulfill a fiduciary obligation by informing them of a purchase before it takes place (Requisition), and by giving them the opportunity to authorize the purchase in advance.
 - b. The signatures on the Purchase Order ensure that this authorization has taken place.

- C. Requisitions/ Routing of Requisitions
 - a. Each department, board, agency or office must request quotes prior to the encumbrance of funds. The Division of Purchasing will aid. The user department must enter a requisition in the Purchasing/Inventory System by encumbering the funds prior to the procurement of the goods or services.
 - b. **NO ORDER SHALL BE PLACED, OR COMMITMENT MADE PRIOR TO THE ISSUANCE OF A PURCHASE ORDER SIGNED BY THE CHIEF FINANCIAL OFFICER. CONFIRMING ORDERS ARE PROHIBITED.**

- c. The requisition shall be entered in the Purchasing/Inventory System well in advance (two weeks is desired) of the time the goods and services are needed.
 - d. Description of the good or service requested, state contract number, shipping fees if applicable, account number, project number (if capital request), resolution number, quotes and a detailed description of the requested purchase must be referenced in the requisition. All Capital and Trust Account requisitions require approval by the Chief Financial Officer.
- D. Routing forms for purchases over \$6,600.00 see Flow Chart Exhibit
- E. Upon department, director, capital or trust and budget approval, the Division of Purchasing shall review requisitions to ensure compliance with the New Jersey Local Public Contracts Law and generate the Purchase Order.
- a. The Purchasing Agent shall review for compliance with the New Jersey Local Publics Contract Law (N.J.S.A.40A:11-1 et. Seq.,) and the Chief Financial Officer shall review and certify funds.
- . Upon receipt of the Purchase Order, the vendor provides the goods or services directly to the user department and returns the signed purchase order, an original itemized invoice, and the shipping document to the requesting agency.
- a. The requesting department compares the vendor shipping document and invoice with the purchase order, quote or contract to ensure that the goods or services are performed in accordance with the quote or contract.
 - b. The Department Head authorizes payment of the invoice through the current approved electronic purchasing system.

G. Interest and Late Fees

- a. The Borough may only pay for goods and services that have been rendered. Therefore, the Borough cannot enter into any contract where the vendor requires a down payment or advance payment of any kind.
- b. Departments are advised to carefully look for wording to this effect when quotes or any other paperwork is received from the vendor.
- c. The Borough does not pay late fees or interest. This provision should be in the bid specifications prepared, and clearly indicated so that vendors are aware that the will not pay late fees or interest.
 1. The exception to this general rule is that late payment issues do not generally apply to construction contracts.
 2. A separate, "prompt-payment law," N.J.S.A. 2A:30A-1 covers construction contract payments. Local Finance Notice 2006-21 describes the application of the law.

H. Automatic Renewal Clauses are forbidden by State law as contrary to the Local Public Contracts Law.

- a. Departments should read and review any bid documents that come in, or forms of contract that are offered for signature by a vendor, to make sure that there is no automatic renewal clause in the contract documents.

I. P-Cards (Procurement Cards)

- a. Reserved

SECTION 4

I. Competitive Contracting

A. Competitive Contracting N.J.S.A. 40A:11-4.1- 4.5, N.J.A.C. 5:34-4.1

- a. Competitive contracting may be used by local contracting units in lieu of public bidding for procurement of specialized goods and services if the price exceeds the bid threshold.
- b. Award is based upon "Price and Other Factors" which are evaluated against weighted criteria. The Competitive Contracting method of procurement must be led by a member of the Division of Purchasing or by the Law Department with the experts on the evaluation committee being subject matter experts from the using department.

B. Planning for advertisement must be considered for any RFP under Competitive Contracting.

- a. State law requires a minimum of 20 days occur between advertisement and receipt/ opening of the RFPs under Competitive Contracting

C. Departments shall alert the purchasing agent of the need for an authorizing resolution prior to the Competitive Contracting process. The authorizing resolution shall reference the following statutory authority for the procurement of:

- a. The purchase or licensing of proprietary computer software designed for contracting unit purposes, which may include hardware intended for use with the proprietary software, but not for acquiring general purpose computer hardware or software;

- b. The hiring of a for-profit entity or a not-for-profit entity incorporated under Title 15A of the New Jersey Statutes for the operation and management of a wastewater treatment system or a water supply or distribution facility;
- c. The operation, management or administration of recreation or social service facilities or programs;
- d. The operation, management or administration of data processing services;
- e. Services performed by an energy services company, including the design, measurement, financing and maintenance of energy savings equipment or renovations, which result in payment derived, in whole or in part, from the sale of verified energy savings over the term of an agreement with a public utility or subsidiary, but not the provision or performance of the physical improvements, provided that such savings are calculated pursuant to guidelines promulgated by the Board of Public Utilities;
- f. Homemaker – home health services;
- g. Laboratory testing services;
- h. Emergency medical services;
- i. Contracted food services;
- j. Performance of patient care services by contracted medical staff at Borough hospitals, correctional facilities and long-term care facilities;
- k. At the option of the governing body of the contracting unit, any good or service exempt from bidding;
- l. Concessions;
- m. The operation, management or administration of other services, with the approval of the Director of the Division of Local Government Services.

- n. Maintenance, custodial, and grounds keeping services;
 - o. Consulting services;
 - p. Emergency medical billing services;
 - q. Property appraisal services;
 - r. Reassessment or revaluation services;
 - s. Grant writing services;
 - t. Animal control services;
- D. All Competitive contracts evaluation members must sign an ethics sheet and fill out per vendor a rating sheet.
- a. The lead member who shall be under statute the Qualified Purchasing Agent, the Borough Administrator or the Legal Counsel will be responsible for collaborating the ratings and producing the recommendation memo and the vendor report at least 48 hours prior to the public meeting of the Council.

II. Competitive Contracting Work Flow:

1. Originating Department communicates in writing its need for the use of competitive contracting to the Qualified Purchasing Agent.
2. The Qualified Purchasing Agent confirms that competitive contracting is available for the services and forwards memo and resolution to Borough Administrator for approval and inclusion on council agenda.
3. Borough council adopts the Resolution.
4. Purchasing agent convenes meeting with originating Department to:
 - a. Form evaluation committee & collect signed certifications and resumes of members

- b. Determine if an outside consultant is needed for the competitive contracting process
 - c. Determine if the Township's own employees are already utilized to perform the services
 - d. Review proposed technical specifications and determine term of contract (up to 5 years)
5. Purchasing agent finalizes the RFP with input from Originating Department.
6. Purchasing agent sends RFP to State Comptroller if anticipated contract amount is over \$12.5m (30-day review).
7. Advertising the RFP in an official newspaper (20-day min.).
8. Purchasing Department opens RFP publicly & distributes weighted criteria to vendors.
9. Qualified Purchasing Agent reviews the submissions for mandatory & non-mandatory items.
10. Purchasing communicates deficiencies or rejections to the vendors & collects respondents' references (if requested).
11. Purchasing posts RFPs on portal and releases RFPs to the Evaluation Committee for initial meeting.
12. Evaluation Committee provides scoring and notes to the Qualified Purchasing Agent.
13. Qualified Purchasing Agent and Originating Department draft Recommendation of Award Memo.
14. Originating Department routes Award Memo for presentation to the Borough Council & offer to the public at least 48 hours prior to meeting. Award must be made within 60 days of receipt of proposals.
15. Qualified Purchasing Agent sends RFP to State Comptroller if contract exceeds \$2.5M

III. Timeline:

1. From beginning to end the competitive contracting process may take up to six months.
2. Therefore, if you need to use the competitive contracting process, then you should consider these time constraints and alert the Qualified Purchasing Agent to any special circumstances that would require a shorter turn-around time. In no circumstance will any competitive contracting process take fewer than sixty days.
 - a. Preparation: 20 to 30 days
 - b. Resolution Authorizing the Use, if necessary
 - c. Creation of Committee and Gathering of Forms
 - d. Meeting to prepare RFP documents
3. The adoption of the resolution depends on the meeting schedule of the Borough Council.
 - a. The creation of the committee and the preparation of the RFP itself really depends on how motivated any department is to finalize the RFP documents.
 - b. In most cases the department is re-doing a process it has done many times before. This will take considerably less time. Consideration must be given in cases where competitive contracting is being used for the first time, and the level of detail a department may have for the technical specifications.
 - c. If the department requires the assistance of an outside consultant to aid in the process, then the department should be aware that the acquisition of the services of a consultant may require additional time.
4. Advertisement time: 20 to 40 days
5. Advertised in the newspaper for a minimum of 20 days.

6. At a minimum this process takes 34 days.
7. However, the length of time an RFP is advertised should depend on the complexity of the services sought.
8. Departments should always build into the advertisement time a question and answer period, and a scheduled addendum to avoid last minute delays of the process.
9. Consideration must also be given if the department intends to offer to the potential vendors a non-mandatory pre-bid meeting, or site visit.
 - a. Generally, the advertisement time should be allotted 30 to 40 days.

10. Review Time:

- a. 20 to 30 days

11. Once the RFPs have been opened publicly the Qualified Purchasing Agent can complete its review of the documents within one day.

- a. The length of time an evaluation committee will require to complete its review depends on the committee and the number of submissions received.
- b. A minimum of twenty days should be allotted in which to meet, discuss the RFPs, and score the proposals.
- c. The Originating Department and the Qualified Purchasing Agent can prepare a memo within ten to twenty days, depending on the number of submissions and the complexity of the submissions.
- d. While the forms and details of the memo may be provided by the Qualified Purchasing Agent, the substance of the analysis lies with the originating department with the best knowledge of the substance of the proposals.

12. Award Time:

- a. 20 to 30 days
- b. The time in which to award a contract depends upon the meeting schedule of the Borough Council.
- c. However, one should never assume the Council will be prepared to vote on the contract at the first meeting at which the recommendation is made.
- d. Departments must be mindful that awards must be made within sixty (60) days of the receipt of the proposals.
- e. The terms and cost of the proposals may be extended by mutual consent of the parties.

SECTION 5

I. **Exceptions to the Bid Requirement i. (N.J.S.A. 40A:11-5)**

There are certain procurements which are exempt from the requirement to bid, most notably are those services which fall under the professional services exception.

In procuring exceptions to the bid requirement, it is important to follow the procurement as per Section 9, Pay to Play.

- A. Professional Services
- B. The doing of any work by employees of the contracting unit;
- C. The printing of legal briefs, records and appendices to be used in any legal proceeding in which the contracting unit may be a party;
- D. Tax map or maps for the contracting unit;
- E. Perishable foods as a subsistence supply;
- F. Supplying of any product or the rendering of any service by a public utility, which is subject to the jurisdiction of the Board of Public Utilities or the Federal Energy Regulatory Commission;
- G. Subject to prior approval of the Attorney General, of special equipment for confidential investigation;
- H. Printing of bonds and documents necessary to the issuance and sale thereof by a contracting unit;
- I. Equipment repair service if in the nature of an extraordinary unspecifiable service and necessary parts furnished in connection with such service, which exception shall be in accordance with the requirements for extraordinary unspecifiable services;
- J. Legal notices in newspapers as required by law;

- K. Acquisition of artifacts or other items of unique intrinsic, artistic or historical character;
- L. Goods and services necessary or required to prepare and conduct an election;
- M. Insurance, including the purchase of insurance coverage and consultant services, which exception shall be in accordance with the requirements for extraordinary unspecifiable services;
- N. Doing of any work by handicapped persons employed by a sheltered workshop;
- O. Goods or services including those of a commercial nature, attendant upon the operation of a restaurant by any nonprofit, duly incorporated, historical society at or on any historical preservation site;
- P. Library and educational goods and services;
- Q. Marketing of recyclable materials recovered through a recycling program, or the marketing of any product intentionally produced or derived from solid waste received at a resource recovery facility or recovered through a resource recovery program, including, but not limited to, refuse-derived fuel, compost materials, methane gas, and other similar products;
- R. Contracting unit towing and storage contracts, provided that all such contracts shall be pursuant to reasonable non-exclusionary and non-discriminatory terms and conditions, which may include the provision of such services on a rotating basis, at the rates and charges set by the municipality pursuant to section 1 of P.L.1979, c.101 (C.40:48-2.49);
- S. Purchase of steam or electricity;
- T. Purchase of electricity or administrative or dispatching services;
- U. Printing of municipal ordinances or other services necessarily incurred in connection with the revision and codification of municipal ordinances;
- V. An agreement for the purchase of an equitable interest in a water supply facility or for the provision of water supply services entered into pursuant to section 2 of P.L.1993, c.381 (C.58:28-2), or an agreement entered into pursuant to P.L.1989, c.109 (N.J.S.40A:31-1 et al.), so long as such agreement is entered into no later than six months after the effective date of P.L.1993, c.381;

- W. A contract for the provision of water supply services entered into pursuant to P.L.1995, c.101 (C.58:26-19 et al.);
- X. The cooperative marketing of recyclable materials recovered through a recycling program;
- Y. A contract for the provision of wastewater treatment services entered into pursuant to P.L.1995, c.216 (C.58:27-19 et al.);
- Z. Expenses for travel and conferences;
- AA. The provision or performance of goods or services for the support or maintenance of proprietary computer hardware and software, except that this provision shall not be utilized to acquire or upgrade non-proprietary hardware or to acquire or update non- proprietary software;
- BB. The management or operation of an airport owned by the contracting unit pursuant to R.S.40:8-1 et seq.;
- CC. Purchases of goods and services at rates set by the Universal Service Fund administered by the Federal Communications Commission;
- DD. A contract for the provision of water supply services or wastewater treatment services entered into pursuant to section 2 of P.L.2002,
- EE. c.47 (C.40A:11-5.1), or the designing, financing, construction, operation, or maintenance, or any combination thereof, of a water supply facility as defined in subsection (16) of section 15 of P.L.1971, c.198 (C.40A:11-15) or a wastewater treatment system as defined in subsection (19) of section 15 of P.L.1971, c.198 (C.40A:11-15), or any component part or parts thereof, including a water filtration system as defined in subsection (16) of section 15 of P.L.1971, c.198 (C.40A:11-15);
- FF. The purchase of electricity generated from a power production facility that is fueled by methane gas extracted from a landfill in the Borough of the contracting unit.

SECTION 6

I. Extraordinary Unspecifiable Services

- EUS (N.J.S.A. 40A:11-5(1)(a)(ii))
 - EUS (N.J.A.C. 5:34-2)
 - Local Finance Notice AU 2002-02
- a. "Extraordinary unspecifiable services" or "EUS" means services which are specialized and qualitative in nature requiring expertise, extensive training and proven reputation in the field of endeavor.
 - b. 40A:11-5(1)(a) ii permits contracting units to award the use of Extraordinary Unspecifiable Services will be narrowly construed to situations that do not fit into the other forms of procurement, including Competitive Contracting form of procurement.
 - c. The following SHALL NOT justify the use of an EUS:
 - i. The assertion that the service can only be provided by a single contractor ("sole source").
 - ii. The service is in the nature of a personal, human, social or training services contract, or includes within its description such terms as "technical," "management," "consultant," or similar descriptions suggesting some special nature shall not in itself be sufficient to utilize this exception.
 - iii. The need for expertise, extensive training and proven reputation in the field of endeavor must be critical and essential to the project, and not merely a desire to have a reliable job performed.
 - d. The services cannot be reasonably described by written specifications.
 - e. Services that meet the requirements of EUS may not be combined with other work in a contract which is predominantly characterized as being a biddable activity so as to avoid the necessity of bidding for the work which in its own right is subject to competitive bidding.

- f. Before the governing body can award a contract under the EUS provisions, a designated administrative official of the contracting unit must file a certificate (LFN AU2002-02) with the governing body. The certificate must describe clearly the nature of the work to be done; state that it is not reasonably possible to draft specifications; describe the informal solicitation of quotations; and describe in detail why the contract meets the provisions of the statutes and the rules. The certification must be kept with the resolution awarding the contract. [N.J.A.C. 5:34-2.3(b)]

SECTION 7

I. Emergencies

- N.J.S.A.40A:11-6
- N.J.A.C. 5:34-6

II. No purchase or contract shall be entered into on an emergency basis pursuant to N.J.S.A. 40A:11-6 unless the circumstances meet all of the following requirements:

1. An actual or imminent emergency must exist requiring the IMMEDIATE delivery of the article or the performance of the service.
2. The emergency condition must affect the public health, safety or welfare and require the immediate delivery of the article or the performance of the service to alleviate such effect;
 - . The emergency purchasing procedure may not be used unless the need for the articles or services could not have been reasonably foreseen or the need for services has arisen notwithstanding a good-faith effort on the part of the contracting unit to plan for the purchase of any articles or services required by the contracting unit;
4. The contract shall be of such limited duration as to meet only the immediate needs of the emergency; and
 - . Under no circumstances shall the emergency purchasing procedure be used to enter into a multi-year contract.
6. A written requisition for the performance of work or labor or the furnishing of materials, supplies or services must be filed with the Purchasing Agent describing the nature of the emergency, the time of its occurrence and the need for invoking an emergency, certified by the department director.
 - . The Mayor and/ or his/ her designee will review and approve the award of an emergency contract.
 - . Emergency work is covered under the provisions of the Prevailing Wage Act for work greater than \$16,26 .00 and requires the New Jersey Business Registration Certificate and Affirmative Action Evidence prior to vendor payment.

B. Chain of Command (N.J.A.C.5:34-6.1b)

1. As per the administrative code each the Mayor shall designate in accord with this policy a chain of command for authorization to declare emergency for public procurement purposes in his unavailability or absence.

SECTION 8

I. Construction

- A. Construction procurement presents a special type of procurement which is very involved in terms of details and potential litigation for the Borough as well as the requirements imposed upon vendors which vary according to the level of procurement.
- B. Accordingly, all construction over the amount of estimated aggregate total project cost of \$10,000.00 the Qualified Purchasing Agent is to be contacted and brought into the procurement process.
- C. Department heads or other personnel seeking the construction, alteration or demolition of Borough property are responsible for the scope of work and technical specifications prior to alerting the Qualified Purchasing Agent.
- D. Construction Bids– Project Manager
 - 1. Construction managers are to be identified for each construction project unless the Borough Engineer acts in said capacity.
 - 2. This section is subject to change or upon direction from the New Jersey State Comptroller's Office.

SECTION 9

I. Pay to play

- N.J.S.A. 40A:11-51,
- N.J.S.A. 19:44A-20.26-20.27,
- P.L. 2005 Ch 271

II. Threshold:

A. The threshold for consideration under the “Pay-to-Play” laws is \$17,500.00 in:

1. A single purchase, or;
 - a. A vendor aggregation of \$17,500.00 in one purchase or multiple smaller purchases over the preceding 12 months.
 - b. Acquisitions made under \$17,500.00 should be acquired through the solicitation of quotes.

III. Borough Procurement in accord with New Jersey “Pay to Play” laws are made in two (2) ways – Fair & Open or Required Disclosure.

A. Fair and Open Process

- a. Professional Services, other goods and/or services exempt from public bidding:
 - i. A Formal proposal should be requested to satisfy the requirements of a fair and open process.
 - ii. The RFP or RFQ is posted on the Borough website at least 10 days prior to a public opening.
 - iii. Proposals are evaluated in accordance with established criteria. In all such types of public procurement the following language shall be used in the announcement:

- iv. This bid has been advertised in accordance with the “Fair and Open Basis” and nothing further shall be required under the “Pay-to-Play” Legislation (N.J.S.A.19:44A-20.7).
- v. The Law Department should be consulted any time a department wishes to acquire goods or services through an RFQ or RFP process.

B. Required Disclosure (Non- Fair and Open) – Window Contracts

- a. Window contracts are those amounts between the “Pay-to-Play” threshold of \$17,500.00 and the bid threshold of \$44,000.00.
- b. For procurements that fall between this amount, the vendor shall be required to supply;
 - i. Business Entity Disclosure Form, BED-C,
 - ii. Ch 271 Political Contribution Disclosure Form

C. Such Required Disclosure awards shall be alerted to the Qualified Purchasing Agent.

D. For professional services awarded in excess of the bid threshold under a required disclosure process and in accord with Local Finance Notice 2010-03 the resolution of award shall be publicized.

E. Vendor Aggregation

- a. There are instances where a vendor may partake in multiple business transactions with the Borough, none of them in excess of the “Pay-to-Play” threshold themselves but taken together over a 12-month period may result in an excess of the “Pay-to-Play” Threshold.
- b. The Qualified Purchasing Agent shall be responsible as part of the positional duties to maintain an accurate up to date accounting of vendor aggregation

- c. For the purposes of calculating aggregation, the Borough shall use as a starting point the date a contract was first made with the vendor.
- d. Contract shall be defined as the date on which a meeting of the minds between the Borough and the vendor was made, and not necessarily the date on which payment was first made to the vendor.

SECTION 10

I. Duties of the Qualified Purchasing Agent (QPA)

- N.J.S.A. 40A:11-9,
- N.J.A.C. 5:34-5

II. Department heads are to go through the QPA to initiate the Bid Process.

- a. After requisite certifications and approvals have been obtained, the QPA may proceed with the RFP or Bid.
- b. It is imperative that the QPA and Purchasing Staff recognize the expertise existent in the various requesting departments and utilize such institutional knowledge in developing the specifications, procurement, and other decisions to be used in the process of developing a public procurement document.
- c. The Department Head will be capable of providing the Division of Purchasing with specification suggestions, ultimately it will be the QPA to determine the approvals of specifications and advertisements, circulation and other standards as required by state or federal law and mandates as set forth by the New Jersey Division of Local Government Services.

III. Qualified Purchasing Agent Duties and Responsibilities:

- a. The QPA shall administer a decentralized purchasing system within the Borough of Midland Park.
- b. As such the QPA shall actively work with all departments in offering assistance and ensuring orders are placed by end user departments in a legal manner.
- c. In addition, the QPA is charged with, but not limited to, the below listed responsibilities:
 - i. Approval of specifications;
 - ii. Terms of receiving, shipping and billing;
 - iii. Desired response or completion times;
 - iv. Statements requiring qualified vendors if necessary;
 - v. Prevailing wage accuracy;

- vi. Liability insurance matters;
- vii. Information of warranties;
- viii. Vendor and commodity aggregations;
- ix. Reviewing and approving requisition requests;
 - 1. Shall be conducted within 3 business days
- x. Identification of other vendors providing superior and/ or more cost-effective services, or goods;
- xi. Dissemination of contribution paperwork and preparation of pay to play vendor resolutions.

SECTION 11

I. Cooperative Purchasing

- State Contract N.J.S.A. (40A:11-12)
- N.J.A.C. 5:34-7.29, N.J.A.C. 5:30-5.3-5.5
- Purchasing less than 10% State Contract (N.J.A.C. 5:34 - 7.30)

II. Procedure

- a. The Qualified Purchasing Agent shall generate an authorizing resolution annually effective January 1 of each year for all Borough agencies to utilize the New Jersey State Contracts and other regional cooperative contracts.
- b. The Qualified Purchasing Agent will assist all agencies to ensure that procurement is in accordance with the state contract terms and conditions.
- c. Agencies shall review the terms and conditions of the state contract. The Qualified Purchasing Agent shall forward the state contract vendor's proposal to the authorizing state buyer to ensure vendor compliance with the state contract.
- d. The valid contract number and Borough resolution number must be referenced on all purchase requisitions. In light of N.J.A.C. 5:30-5.3-5.5 also to be included of resolutions of award shall be:
 1. Cooperative contract number.
 2. Line item(s) of funds to be drawn from.
 3. Not to exceed amount if the exact yearly purchasing funds are not identified.(LFN 2017-10).

III. Borough and other New Jersey Based Cooperatives N.J.A.C. 5:34-7.6

- a. The Borough is free to enter into membership and purchase through any approved joint purchasing or cooperative pricing system approved within the State of New Jersey by the Director of the Division of Local Government Services.
- b. In procuring the approved bid items in a cooperative purchasing agreement, all membership numbers assigned to the Borough of Midland Park as well as purchasing cooperative contract identifiers shall appear on all resolutions, purchase orders and vouchers.

IV. All Borough, Grant and Forfeiture Funds

- a. Public funds from any account (grant, dedicated fund, regular O.E., forfeiture) must be expended in accordance with the New Jersey Local Publics Contract Law & Rules, N.J.S.A. 40A:11-1 et seq., N.J.A.C. 5:34-1 et seq.,)

V. National Cooperative Purchasing (P.L. 2011 Ch 139, Local Finance Notice 2012-10)

- a. National Cooperative Purchasing has been allowed under LFN 2012-10 and is an option after determining that the purchase through a National Cooperative has achieved a cost savings versus bidding or an in-state cooperative. The requirements that a Department Head must provide to purchasing are:
 - i. Under New Jersey Department of Community Affairs Local Finance Notice (LFN 2012-10) dated May 14, 2012, the DCA has allowed the use of National Cooperatives for different purchase subject to rules.
 - ii. LFN 2012-10 Section D 2(a) – requirement contract awarded through “competitive bidding process”
 - iii. Section D 2(b) - Contract awarded by a unit defined as a contracting unit defined by statute.
 - iv. Section D 2(c) – Bid must have been advertised.
 - v. The vendors must comply with the following:
 - 1. Business registration certificate;
 - 2. Statement of Corporate Ownership;
 - 3. Public Contract EEO compliance;
 - 4. “Pay-to-Play” N.J.S.A. 19:44A-20.7 has been satisfied through the open competitive bid;
 - 5. New Jersey’s “Buy American” Law;
 - 6. Americans with Disabilities requirements;
 - 7. All have must be verified by the vendor through supply to the Borough of Midland Park PRIOR to award.

- vi. Cost Savings Determination made by the QPA.
- vii. Notice of intent to award under a national cooperative purchasing contract.
 - 1. The below must be advertised in a newspaper for at least 10 days in advance of the intended award.

Notice of Intent to Award Contract under a National Cooperative Purchasing Agreement - <name of contract>

The Borough of Midland Park intends to participate in the <name of agency issuing contract> contract for <name/purpose and number (if applicable) of contract name> to purchase<goods or services being purchased>.

Information regarding the contract may be found at the Division of Purchasing Borough of Midland Park during regular business hours, as well as on the <name of agency issuing contract> website at: <website link>.

The Borough of Midland Park anticipates joining the <name of agency issuing contract> contract on <date of award>. The <name of agency issuing contract> contract term is <provide start and end date>.

Contract Period: <contracting beginning and ending period>

It is the intent of the Borough of Midland Park to make a contract award to <name of vendor> pursuant to the proposal submitted in response to the <name of agency issuing contract><type of award, i.e., Request for Proposals, Request for Bid(s) as appropriate>.

The Borough of Midland Park is permitted to join national cooperative purchasing agreements under the authority of N.J.S.A. 52:34-6.2(b)(3).

Comment period ends <date comment>

[RESERVED]

SECTION 12

I. Surplus Property (N.J.S.A. 40A:11-36)

- A. The Local Public Contracts Law requires that any contracting unit, by resolution of the governing body, may authorize, by sealed bid or public or internet auction, the sale of personal property not needed for public use.
- B. If the estimated fair value of the property to be sold exceeds 15 percent of the bid threshold (\$6,600.00) in any one sale, it shall be sold at public sale to the highest bidder.
 - a. The contracting unit need not advertise for bids when it makes any such sale to any political subdivision.
 - b. Agencies shall forward a summary of surplus property to the Borough Administrator in preparing for the Auction.
- C. Notice of the date, time and place of the public sale with a description of the items to be sold and the conditions of sale must be published in an official newspaper of record.
- D. If no bids are received the property may then be sold at private sale without further publication or notice thereof, but in no event at less than the estimated fair value; or the contracting unit may if it so elects offer the property at public sale.
- E. All electronic based surplus auctions must be in accord with New Jersey Division of Local Government Services Local Finance Notices (LFN). LFN 2008-9, LFN 2008-15 and LFN 2008-21R

SECTION 13

I. **Change Orders (N.J.A.C. 5:30-11.1, LFN 2010-03)**

“Change order” means a properly prepared document authorized by the governing body which directs and authorizes a vendor providing goods or performing services to a contracting unit pursuant to a contract awarded by the governing body resolution to change the quantity or character of goods provided or services performed from that originally specified or estimated and to correspondingly change the payment due therefore.

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SECTION 14

I. Site Conditions

[RESERVED]

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[RESERVED]

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SECTION 15

I. Proprietary Designation

- A. "Proprietary" set forth in N.J.S.A. 40A:11-2(39) or 18A:18A-2cc, the terms used in the definition of "proprietary" shall be defined as follows:
- a. "Specialized nature" means that the purpose to which the goods or services will be used has such unique characteristics that only the goods or services of a single vendor are capable of meeting the contracting unit's needs.
 - b. The acquisition of an item or items of a proprietary nature is not an exception to public bidding. However, a publicly advertised bid may request a proprietary item when the following criteria are met.
 - i. Determining if something is "Proprietary" and "Specialized in Nature"
 - ii. The use of a good or service other than the proprietary one will undermine the functionality or operational performance of existing facilities; or
 - iii. The good or service is patented, and the patented feature is essential for operational performance.
 - iv. "Necessary for the conduct of its affairs" means that the public need for the proprietary designation is of such a compelling nature that the value to the public that is gained by the proprietary designation overshadows the public benefit of permitting "brand name or equivalent" and the benefits of such competition.

II. Procedure

- a. Prior to advertising for the receipt of bids that includes proprietary goods or services, the Department Head must certify to the purchasing agent, who shall in turn certify in writing to the chief executive officer an explanation of why the goods or services are of a specialized nature and necessary for the conduct of the affairs of the Borough.

- b. The certification shall be included as part of the bid documents.
- c. The resolution of the governing body required by N.J.S.A. 40A:11-13(d) shall include a description of why the goods or services are specialized in nature and necessary for the conduct of the affairs of the contracting unit.
- d. The description shall not consist of rewriting or paraphrasing the statute or regulations but shall be specific to the circumstances.
- e. In considering computer systems or dedicated software, the use of the proprietary designation shall be interpreted to allow for competition within the purposes for which the software is to be used.
- f. The competitive contracting process at N.J.S.A. 40A:11-4.1 et seq. is intended to allow for competition where there may be a limited number of vendors selling certain types of application software, that is, financial, human resources, web site hosting, computerized telephone systems, geographic information, police records, or computerized dispatch systems. The competitive contracting process is not intended for those circumstances that involve networking or telecommunications switching services.

III. Brand Name, or Equivalent.

- a. Local units are prohibited in public contracting for requesting in a bid specification a brand name.
- b. The Borough may, however, request a brand name or equivalent. When a department desires to do so, the department must clearly indicate this in the bid specifications.
- c. The failure to do so may result in an award to a vendor that will not provide exactly what the department wanted or needed.
- d. When bids are received it is the responsibility of the department to review the bids and evaluate the equivalency of the items submitted by the bidders.
- e. This should be based on the materials the bidder has submitted to prove the equivalency of the item. Any items that are not deemed to be

equivalent must be communicated in writing to the QPA so that the bidder can be advised that its bid submission is “not responsive.”

SECTION 16

I. Open end contracts

- A. An open ended contract is an agreement to supply goods or services in which quantity to be supplied at the contracted price is not specified, and the Borough may purchase any amount during the life of the agreement.
- B. The issuance of purchase orders pursuant to an open-end contract shall be considered to be the carrying out of the contract and not a change order. The following requirements shall apply:
 - a. Purchase orders under open-end contracts shall not be used for purposes such as changing the quality or character of items to be provided
- C. Each time a purchase order is placed, the contracting agent shall ensure that funds are available for the purchase through either an encumbrance or certification of availability of funds.
- D. Purchase orders shall be placed by the contracting agent, subject to such controls or approval requirements as the governing body, chief executive or other administrative officer may lawfully impose.

II. Cancellation of Purchase Orders

- A. If a purchase order must be cancelled, or the remaining balance cancelled, identify the purchase order number and reason for cancellation and e-mail the request for cancellation to the Division of Purchasing.

III. Duplicate Purchase Orders

- A. All requests for duplicate purchase orders must be electronically mailed to the Division of Purchasing.

IV. Partial Payments

- A. Upon making the first payment, the user department shall provide Accounts Payable with an original copy of the signed purchase order and invoice referencing a “draw down” or “partial payment”.
- B. Any payment made hereinafter shall include a copy of the signed purchase order and invoice referencing a “draw down” or “partial payment”. The department must enumerate partial payments.

SECTION 17

I. Notification to the Office of the State Comptroller N.J.S.A. 52:15C-1

II. Contracts \$2.5 Million to under \$12.5 Million – Office of State Comptroller

- a. Contracting units must provide post-award notification for any contract for an amount exceeding \$2.5 million. Notification must be provided no later than 20 days after award. The Purchasing Agent will forward all appropriate information to the State Comptroller. This responsibility may be delegated to the Law Department.

III. Contracts in excess of \$12.5 Million – Office of State Comptroller

- a. New Jersey State law empowers the Comptroller's Office to review proposed public contracts valued at more than \$12.5 Million prior to advertising are issued.
- b. In accordance with N.J.S.A. 52:15C-10, The Qualified Purchasing Agent must notify the Office of the Office of the State Comptroller as early as practicable, but no later than 30 days before advertisement, of any negotiation or solicitation of a contract that may exceed \$12.5 million. This responsibility may be delegated to the Law Department.
- c. Contracting units must provide post-award notification for any contract for an amount exceeding \$2.5 million. Notification must be provided no later than 20 days after award. The Purchasing Agent will forward all appropriate information to the State Comptroller. This responsibility may be delegated to the Townships attorney or the Borough engineer.

SECTION 18

I. **Contract Administration and Warranties**

- A. It is imperative that Borough agencies assign a contract administrator for oversight. The Borough must hold the Borough agencies and vendors accountable to comply with the contract terms and conditions.

- B. A warranty is an obligation that an article or service sold is as factually stated or legally implied by the seller, and that provides for a specific remedy such as repair or replacement in the event the article or service fails to meet the warranty.

- C. A breach of warranty occurs when the promise is broken, i.e., a product is defective or not as should be expected by a reasonable buyer. The agencies, upon receipt of goods or services, shall retain all warranty documentation to ensure remedy for repair or replacement.

- D. Accepting Deliveries, Free on Board Destination (FOB)
 - 1. Bidders shall insert prices for furnishing goods and services required by these specifications. Prices shall be net, including any charges for packing, crating, containers, etc.
 - 2. All transportation charges shall be fully prepaid by the contractor, F.O.B. destination and placement at locations specified by the owner.
 - 3. As specified, placement may require inside deliveries. No additional charges will be allowed for any transportation costs resulting from partial shipments made for the contractor's convenience.

E. Accepting deliveries, Right of Perfect Tender

1. The right of Perfect Tender is contained within the Uniform Commercial Code and allows the Borough of Midland Park the ability to inspect all deliveries for accuracy of order and damage to the ordered material.
2. The form signed for acceptance and title of ownership to the Borough is called the Bill of Lading. All departments are expected to have in place policies whereby supervisory personnel shall be the authorities signing for acceptance of deliveries and inspecting all large value deliveries.
3. Any shortfall in the amount of the order or condition of promise shall be documented. The Borough reserves the right to:
 - a. Accept all of the order
 - b. Accept part of the order
 - c. Reject part of the order
 - d. Reject all of the order
4. Notification to the Division of Purchasing is to be conducted upon any vendor not fulfilling the obligations made in the purchase order or public procurement.

F. Unsatisfactory Vendor Performance

1. All using agencies shall notify the Purchasing Agent immediately of any contract failure or breach. It is imperative that a vendor's failure to perform is reported to the Qualified Purchasing Agent.
2. Each agency shall generate an Unsatisfactory Vendor Evaluation Memo, complete and forward it to the Qualified Purchasing Agent, who shall forward the evaluation to the vendor and request a response within five days.
3. The Qualified Purchasing Agent shall confer with Legal Counsel. The Borough reserves the right to terminate within 30 days of breach of contract.

SECTION 19

- I. Administering Federal Grants
 - a. The Borough of Midland Park upon receipt of federal or state grants are required to adhere to all applicable uniform (grants) administrative requirements, cost principles, and audit requirements set forth in federal and state grant handbooks, manuals and program guides.
 - b. The Borough of Midland Park declares as a part of this policy manual that all management and operations involving the Township's status as a recipient of Federal grants shall adhere to 2 C.F.R. § 200 and other applicable law as set for by the Code of Federal Regulations and promulgated by the Office of Management and Budget Guidance, United States of America.
 - c. All end users procuring under these regulations are required to familiarize and comply with the regulations as set forth in 2 C.F.R. § 200 as reflected in Section 1 II **Standards of Conduct for Employees Engaged in the Selection, Award, and Administration of Contracts:**

SECTION 20 P-CARDS

- I. The Purchasing Card Program (the “Program” or “Purchasing Card Program”) has been designed to allow for the direct purchase of small dollar items through the use of a Borough Procurement Card. The intent is to significantly reduce the need for small dollar purchase orders, direct reimbursements, petty cash accounts and operational advances.

This manual should be read in its entirety by the cardholders and managers who will be approving transactions.

Any use of the P-card, which is not in accordance with Midland Park Borough policies and procedures and the New Jersey Local Publics Contract Law (N.J.S.A. 40A:11-1 et. Seq.,) will result in forfeiture of the cardholder’s card. Inappropriate use of the card is considered an unauthorized use of Borough funds and may lead to disciplinary action. Midland Park Borough will seek reimbursement for any inappropriate or unauthorized charges made with the card.

P-cards are issued to specific individual employees and are not transferable or assignable. They remain the property of Midland Park Borough.

- A. The Purchasing Card Program’s objectives include the following:
 1. Simplify the acquisition of low dollar goods and services
 2. Streamline the Purchasing and Accounts Payable process
 3. Reduce processing costs
 4. Reduce Purchase Order (“PO”) and Accounts Payable (“A/P”) cycle time
 5. Reduce Purchasing and A/P transaction volume
 6. Increase Purchasing and A/P productivity
 7. Refocus resources to strategic activities

II. Introduction

- A. Midland Park Borough operates a P-card Program agreement with Designated Financial Institution. The provides the Borough with credit card services through the use of the internationally accepted credit card. A number of unique features have been developed for this Program that do not exist in the traditional credit card environment.

1. These features help ensure that the P-card can only be used for specific purposes and within specific dollar limits.
2. The P-card is only to be used for Borough business purposes. The Borough is responsible for payment of all compliant purchases made with the card. Although the P-card is issued to an individual, its use does not affect personal credit in any way.

III. Card Eligibility and Use

A. The Borough CFO shall designate a person who is authorized to use a P-card for departmental purchases of goods and services. All authorized cardholders must comply with the P-card Policies and Procedures included within this Manual.

1. The individual whose name is on the card is the only person authorized to make purchases using the card. The cardholder will be held accountable for any policy infractions. The cardholder shall follow proper procedure specific to their department in order to obtain authorization to make a purchase.
2. The cardholder is responsible to determine that the price quoted for a product or service is the best price that can be obtained.
3. Cardholders should be certain that the total amount, including shipping and handling charges, will not exceed the single purchase limit on the P-card.
4. The screen print must include a description of the item, the cost of the item and the vendor's name. The cost of the item on the screen print must match the receipt. The screen print, along with the receipt, must be filed with the monthly P-card statement and it must be scanned and attached to the transaction screen.
5. **Acceptable P-card purchases include the following:**
 - a. Educational Supplies
 - b. Printing Supplies / Business Cards
 - c. Subscriptions
 - d. Maintenance Supplies
 - e. Vehicular Parts and Repairs
 - f. Computer Accessories (e.g.: mouse, keyboard, CD's)
 - g. Conference Registration
 - h. Professional Memberships

6. Restrictions and Control

Use of the P-card to purchase any product or service must comply with those permitted by the Township's Procurement Policies. Additionally, the P- card shall not be used to purchase the following:

- a. Professional Services
- b. Desktop and Laptop Computers **
- c. Software **
- d. Network Printers **
- e. Consulting Services
- f. Construction/Renovation Services
- g. Gift Cards or Gift Certificates

- h. Lottery Tickets
- i. Apple I-Tunes/ Google/ Android etc. Products
- j. Insurance
- k. Car/Van Rentals
- l. Bus Charters
- m. Catering Services
- n. Money Orders
- o. Office Supplies (which must be purchased from WB Mason or another cooperative approved contract)
- p. Travel and room or board

7. Spending Limits

- a. Two spending limits are imposed on all P-cards: a monthly spending limit and a single purchase transaction limit.
- b. The monthly spending limit is the maximum available credit for the billing cycle. The will reject any transaction that exceeds this limit.
- c. The single purchase transaction limit is the maximum dollar amount allowable for each individual transaction. Each P-card transaction, regardless of the number of items ordered, is limited to this predetermined single purchase transaction limit assigned to each individual P-card. The will reject any transaction that exceeds this set limit. Splitting a transaction into smaller amounts to avoid dollar limits placed on the card is prohibited and will result in suspension or cancellation of the P- card depending upon the severity of the infraction.
- d. The Borough Committee has established a limit on the card at \$6,600.00 per year and \$500.00 per month.
- e. Only in approved instances by both the CFO and the program manager can a procurement reach the maximum of 15% of bid threshold by conducting a one-time approval based upon the circumstances.

8. Card Security/Liability

- a. Cards must be strictly safeguarded. It is the responsibility of each cardholder to secure the card at all times. If a card is used infrequently, it must be stored in a secure location within the department.
- b. In case of loss, theft or misappropriation of the card account number, immediately contact the Borough Administrator.
- c. The cardholder will not be liable for the unauthorized use of a stolen card by a third party as long as the card is reported stolen within 24 hours of when loss is detected by the individual.

- d. When the monthly statement is received, the cardholder must notify the of any unauthorized charges by completing a Dispute Item Form.

9. Card Activation

- a. Once the cardholder has successfully completed training, the P-card Administrator will activate the card for immediate use.

10. Cancellation

- a. Upon termination of employment, transfer to another department, or if the cardholder's responsibilities change within the Department and the P- card is no longer required in the newly assigned position, the cardholder must return the p-card to the approving manager. The approving manager must notify the Purchasing Card Program Administrator by submitting a Cardholder Maintenance Form. The Purchasing Card Program Administrator will deactivate the P-card.
- b. The Purchasing Card Program Administrator will also require the cardholder to return the P-card in the case of misuse. In addition, the approving manager may require a cardholder to turn in a P-card for any reason.

11. Card Changes

- a. If a Cardholder needs to make changes to name, address, phone, or account numbers, use the Cardholder Maintenance Form or send an e-mail to the Purchasing Card Program Administrator.

12. Assignment

- a. A P-card may not be transferred or assigned to another person. P-cards are the property of Midland Park Borough and the Designated Financial Institution and must be turned in to the Borough Administrator upon changing departments or leaving the Borough.

13. Unauthorized and/or Inappropriate P-card Use

- a. The P-card must never be used to purchase items for personal use or for non-Borough purposes.
- b. Any unauthorized or inappropriate use of a P-card will result in cancellation of the P-card and will subject the cardholder to disciplinary action including possible termination of employment and criminal prosecution.

IV. Order Management

- A. Purchases of appropriate items using the P-card may be made from any vendor who accepts the VISA® card. To receive applicable discounts, if any, be sure to inform the vendor that your purchase is for Midland Park Borough.
- B. Notify the vendor that the purchase is exempt from New Jersey State sales tax, use tax and Federal excise tax. Provide the vendor with Midland Park Borough State Township's New Jersey State Tax Exempt Number (printed on the card).
- C. Contact the Finance Office if the vendor requests a copy of the Township's Exempt Use Certificate Form ST-4.
- D. Please Note: The vendor must ship ordered material before they bill any costs to the Borough under your P-card.
- E. Instruct the vendor to not send a separate invoice. Verify the total amount to be charged with the vendor.
- F. Be sure to have the vendor identify and list all charges related to the transaction that will be charged prior to signing a charge slip or authorizing the purchase by telephone. Any charges for shipping and handling must be separately identified from the price of the item being purchased prior to authorizing the transaction.
- G. Internet Orders
 - 1. P-cards should be used on encrypted Internet sites. Please note that some vendors provide the option of following up the order with a card number via telephone.
 - 2. Cardholders are ultimately responsible for purchases made with a P-card and are responsible for determining whether an Internet site is the most appropriate method to make a given purchase.
- H. Invoices, Receipts, Packing Slips and Monthly Statements
 - 1. All documentation including, but not limited to, receipts, packing slips, invoices and monthly statements must be retained in the cardholder's department and is subject to random audit by either the Borough Controller's Office, the Internal Auditor or the Township's External Auditors.
- I. Taxes
 - 1. Because Midland Park Borough is a tax-exempt entity, if a cardholder is charged tax on a purchased item, it is the cardholder's responsibility to follow up and obtain credit from the vendor for the imposed tax. If the vendor requires a tax-exempt form in addition to the tax ID number, the Borough uses the ST-4 Exempt.
- J. **Purchasing Card Administrator/Program Manager**

- A. The Chief Financial Officer shall be responsible for overall oversight of the P-Card program.
- B. Reconciliation shall be accomplished under the direction of the CFO or her designee.
- C. The Qualified Purchasing Agent shall be responsible for day-to-day oversight and management of procurement in accord with this policy and the LPCL.
- D. Duties of the Program Manager
 - a. all cards are imprinted with both the users' names and the name of the local unit;
 - b. program participants are aware of the proper and approved vendors with whom the cards may be utilized, dependent upon contracts awarded by the governing body; and
 - c. when bids are advertised, the bid documents include that the payments may be made by procurement card so the local unit receives in their bid prices any discount for timely payments.
- E. Responsible for administering and overseeing all policies and procedures of the Purchasing Card Program.
- F. Performs weekly reviews of transactions and cardholder activity and reports any activity that does not comply with the Program's guidelines to the cardholder and the approving manager.

- G. Reviews vendor activity for compliance with general procurement policies and procedures.
- H. Helps resolve transactions that cannot be reconciled by the cardholder or approving manager.
- I. Tracks card expiration dates and issues replacement cards.
- J. Tracks termination of cardholders.
- K. Cancels cards as required.
- L. Access to all P-card accounts.
- M. Reevaluate Program on an as needed basis, but not less frequently than annually.

VI. Finance/General Accounting

- A. Downloads monthly summary bill from Designated Financial Institution's website.
- B. Reviews monthly statements and conducts an audit of P-card transactions.
- C. Processes payment to Designated Financial Institution.

VII. Payment Process

- A. The summary bill provided to Accounting each month covers all P-card activity during the 30-day billing cycle. Accounting processes the monthly Borough statement for payment upon receipt.