

Budget / Finance

**Purchasing**

Effective Date: August 1994

Replaces: March 2008

Revised: June 2013

## 1. PURPOSE

The purpose of this section is to establish a set of guidelines by which District personnel can effectively and efficiently manage the expenditure of budgeted funds.

## 2. POLICY

It is the policy of the District to expend funds as efficiently as possible, to track and record such expenditures in the most effective and expedient manner, and to provide timely and accurate payment to all vendors.

As the Revised Code of Washington (RCW) has no general statutory requirement dictating how a fire district must acquire real property, it shall be the policy of the District to handle each acquisition of real property on a case-by-case basis.

The District will follow statutory requirements for the purchase of personal property as outlined in RCW 52, the selection of an architect or engineer, or public works projects will be made by following the requirements in RCW 39.

## 3. DEFINITIONS

## 4. PROCEDURE

### 4.1. Budget Responsibility

- 4.1.1. The Fire Chief, by authorization of the Board of Commissioners, has management authority over the Budget.
- 4.1.2. The Chief may assign custodians to certain projects in the Budget. Custodians have the primary responsibility, authority and accountability for expenditures of line items in their projects. All purchases from the custodian's project shall be made with his or her knowledge.
- 4.1.3. The Custodian shall comply with all requirements of this policy and procedure. He or she ensures that all forms, requests, bids,

quotes, invoices and orders are complete, correct, and contain the necessary information before forwarding them to the Administration Office.

## **4.2. Purchases Under the Bid Law**

- 4.2.1. Statutory requirements for the purchase of personal property through the bidding process for fire districts in Washington are contained in RCW 52.14.110 and 120. The first section establishes when competitive bidding must be used and the second section directs the procedures to be used.
- 4.2.2. The statute applies both to purchases and public works and basically requires that all purchases and public works be obtained through a formal sealed bid process. There are however, five exemptions where no formal sealed bid procedure is required.

## **4.3. Exemption - Emergency Purchases**

This exemption is applicable only if the sealed bid procedure would delay or prevent the District from dealing with an emergency. The emergency exception shall be used cautiously and only where a true emergency actually exists. It shall also only be used if the product being purchased is readily available and can actually be obtained in sufficient time to meet the emergency. If the Board of Commissioners uses the emergency exception, the minutes of the special meeting of the Board of Commissioners called to resolve the emergency shall fully and carefully describe the cause of the emergency, the nature of the indicated immediate threat to life and property that will occur if equipment is not obtained immediately, and the method of securing the equipment at a reasonable price that the Board establishes.

## **4.4. Exemption - Purchases under \$50,000**

The procedure for the purchase of materials, supplies or equipment at a cost between \$10,000 and \$50,000 required by RCW 52.14.110 is set forth in RCW 39.04.190 and requires the establishment of a vendor list and provides that at least twice a year the District shall publish in a newspaper, a notice of the existence of a vendor list and solicit names of vendors for the list.

- 4.4.1. The District has, by Resolution #245, established a procedure for securing telephone or written quotations from at least three different vendors on the list, whenever possible, prior to awarding a contract for the purchase of any materials, supplies, equipment or service.

Immediately after the award is made, the bid quotations that were obtained must be recorded with the HR/Finance Administrator and be open to public inspection as well as available by telephone inquiry.

- 4.4.2. In summary, the requirements for the purchase of materials, supplies, or equipment are as follows:
- Under \$10,000 purchase price – no statutory requirements.
  - Between \$10,000 and \$50,000 – the vendor list procedure
  - Over \$50,000 – formal sealed bid procedure.
- 4.4.3. The District will not attempt to split what normally would be a single purchase into several smaller purchases to avoid the formal bid procedure. This would constitute an evasion of the statutory requirements and would render the District subject to legal action by the State Auditor's Office or by residents and taxpayers of the District.

#### **4.5. Exemption – Public works contracts under \$2,500**

This exemption covers public works contracts involving the construction or improvement of a station or other building where the estimated cost will not exceed \$2,500. The cost figure includes the cost of labor, materials, and equipment.

#### **4.6. Exemption – Small works roster**

RCW 52.14.110(3) authorizes fire protection districts to use the small works roster procedure to contract for public works projects where the estimated cost is between \$2,500 and \$200,000. *District Resolution #244* authorizes the administration of the District to use the small works roster procedure established by RCW 39.04.155 under the following procedures:

- 4.6.1. The administration is authorized to establish either a single general small works roster or multiple rosters for different categories of work at its discretion.
- 4.6.2. The administration may require contractors to keep a current record on file with the District showing the contractor's current status relating to licenses, registrations, bonding, insurance and other appropriate matters.
- 4.6.3. The District shall annually publish in the newspaper used by the District for legal notices, a notice of the existence of the roster or

rosters and invite contractors to submit their names for inclusion on the rosters.

- 4.6.4. All responsible contractors who submit their names shall be placed on the roster or rosters provided that the contractor is in compliance with all statutory licensing and registration requirements.
- 4.6.5. At such time as the administration determines to contract for a public works project within the authorized price limitations, the administration shall contact not less than five contractors on the applicable roster, provided the roster contains the names of five or more contractors, and obtain written or telephone quotations for the work required. The request for the quotations shall designate the estimated scope and nature of the work to be performed and the materials and equipment to be furnished. If the estimated cost of the project exceeds \$100,000 and the administration solicits quotations from less than all the appropriate contractors on the roster, the administration shall provide notice to the remaining contractors by publication, mailing the notice or sending it by fax or other electronic means.
- 4.6.6. The District shall maintain a record of quotations received for a period of three years. The record shall be open to public inspection and available by telephone inquiry.
- 4.6.7. The administration shall award construction contracts to the lowest responsible bidder as defined in RCW 43.19.1911 after consideration of the following factors:
  - The ability, capacity and skill of the bidder to perform the contract or provide the service required,
  - The character, integrity, reputation, judgment, experience and efficiency of the bidder,
  - Whether the bidder can perform the contract within the time specified,
  - The quality of performance of previous contracts or services,
  - The previous and existing compliance by the bidder with laws relating to the contract or services,
  - Such other information as may be secured having a bearing on the decision to award the contract.
- 4.6.8. The administration shall post a list of the contracts awarded at least every two months. The list shall contain the name of the contractor awarded the contract, the amount of the contract, and a brief description of the type of work performed together with the date the

contract was awarded. The list shall state that the bid quotations are available for public inspection at the headquarters station.

#### **4.7. Exemption – Sole source of supply**

- 4.7.1. Purchases that are clearly and legitimately limited to a single source of supply, or the purchase of services in which instances the purchase price may be established by direct negotiation are exempted. This exemption does not apply to public works. The exemption applies to the **source of supply, not manufacture**. There are many situations where a product is manufactured by only a single company but is distributed and sold by many retail suppliers. The exemption is not applicable in such a situation. This exemption also excludes, from the bidding requirement, the purchase of services where the purchase price may best be established by negotiation. The purchase of services would include consulting services, accounting services, legal services, etc.
- 4.7.2. In the event the formal bid requirements are applicable, RCW 52.14.120 establishes the procedure to be used.

#### **4.8. Purchase Orders**

- 4.8.1. When required, purchase orders shall typically be completed and approved prior to the order and/or purchase of an item. In the case of a repair or other scenario where the cost is not able to be determined prior to the service, approving person should be aware of the work. The purchase shall be completed after final costs are determined.
- 4.8.2. All purchases over \$50 require a Purchase Order that may be completed electronically and printed out or obtained from the Administration Office.
- 4.8.3. Purchase Orders are required to have a budget code(s). After the form has been completed and signed by the custodian, it should be forwarded to the Administration Office.
- 4.8.4. Purchase orders for amounts over \$500 or that will exceed the budgeted amount for a line item shall be routed to the Chief or designee as a part of the approval process.
- 4.8.5. In the event an immediate purchase is necessary, a chief Officer shall be contacted and advised of the need to purchase. If the Officer determines the purchase is necessary, he or she may authorize the purchase.

**4.9. Accounts Payable**

- 4.9.1. The HR/Finance Administrator shall typically process invoices weekly but at least monthly for immediate accountability and accuracy.
- 4.9.2. The Auditing Officer or delegate shall review the invoices and vouchers prior to submission to the county.
- 4.9.3. The HR/Finance Administrator, Auditing Officer and delegate(s) shall be bonded for no less than \$50,000.00 per RCW 42.24.180.
- 4.9.4. At least monthly, the HR/Finance Administrator shall prepare Vouchers for submittal to the Board of Commissioners for approval at a scheduled Board meeting.
- 4.9.5. The Fire Chief or HR/Finance Administrator may pay certain approved expenditures from the Petty Cash Fund at his or her discretion.
- 4.9.6. Line Item Excesses - While the intent is to not expend more than is in a given line item, this is not always practical. Line item excesses (in any amount) shall be approved by the Chief or designee's signature on the Purchase Order.

**4.10. Monthly Reports**

- 4.10.1. At the beginning of each month, the HR/Finance Administrator shall generate a series of summary reports that reflect current expended balances for each line item and forward to the appropriate custodians. The Chief will receive a report of all line items.
- 4.10.2. The custodian shall review the monthly report(s) and check their respective line items to insure accuracy. Discrepancies or questions should be brought to the immediate attention of the HR/Finance Administrator for resolution.

**5. REFERENCES**

RCW 52.14.110

RCW 52.14.120

RCW 42.24.180

RCW 39.04.190

RCW 43.19.1911

*District Resolution #244*

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