

PURCHASING POLICY

Section 1.0: Purpose and Policy Statement

- 1.1. Sound fiscal management can only be achieved through proper and consistent purchasing procedures for the procurement of supplies, equipment, construction, and services for the Town of Londonderry, New Hampshire ("Town"). This Purchasing Policy establishes uniform procedures to ensure that all expenditures:
 - Comply with Town policies;
 - Conform to generally accepted accounting principles (GAAP) and Government Account Standards Board pronouncements;
 - Adhere to applicable New Hampshire Department of Revenue Administration administrative rules; and
 - Comply with existing Town policies and all applicable laws and regulations.
- 1.2. No exception to this Policy shall be permitted if it would conflict with state or federal law.
- 1.3. This Policy shall:
 - Ensure consistent accountability for all Town funds, including enterprise funds and all Town departments. This Policy does not supersede the purchasing requirements of separate boards/committees/commissions (e.g., the Library Trustees, Conservation Commission).
 - Require that all purchases be properly authorized and documented.
 - Require that Town personnel maintain a clear and complete audit trail from receipt of funds to disbursement of funds.

Section 2.0: Definitions

For purposes of this Policy, the following definitions apply:

Department Head/Approving Official – Any Town official authorized to initiate and approve purchases within their respective authority.

Purchase Order – A written or electronic authorization issued by the Town approving the purchase of goods or services from a vendor.

Blanket Purchase Order – A Purchase Order issued for repeated purchases of incidental items from a vendor over a specified period.

Consulting Services – Third-party professional services including, but not limited to, information technology services, human resources services, management consulting, engineering, architectural, legal services, and similar professional advisory services.

Sole Source – A purchase where only one vendor is reasonably available due to proprietary rights, technical compatibility, or unique qualifications.

Section 3.0: General Purchasing Requirements

3.1. All purchases shall be supported by one or more of the following:

- o An approved Purchase Order; or
- o An itemized credit card receipt (consistent with the Town’s Credit Card Policy). Credit card use does not eliminate the requirement to use Purchase Orders where practicable, including for contracts;or
- o Must be documented in the Town’s ERP software

3.2. Payment shall be made only upon:

- o Receipt of a vendor invoice or monthly credit card statement; and
- o Acknowledgement by the department or individual receiving the goods or services that the order has been completed.

3.3. When authorized by the Town Manager, or the TM’s designee, Town personnel may make a cash purchase and shall submit the original itemized receipt for reimbursement. If the original receipt is missing, the employee must provide a written explanation and a duplicate receipt or other supporting documentation when available; reimbursement is subject to approval by the Town Manager.

3.4. Exceptions

Utility Bills & Property Tax Bills	Principal & Interest Payments on Bonds/Leases/Loans
Advertising	Welfare Payments
Travel	Legal & Audit Fees
Vehicle Allowance	Insurance Premiums
Subsistence & Support to Persons	Postage
Rents & Leases (after initial approval)	
Payroll Related Payments	Maintenance Agreements and Service Contracts for their 2 nd and subsequent payments
Judgements & Claims	Subscription Renewals

Budgeted payments to Outside Human Service Agencies, Outside Recreation Organizations, Advance Transit, etc.	Remittance of Property Taxes Levied and Collected on Behalf of the School District, County or State
Annual Dues	Salt & Winter Sand

Section 4.0: Purchase Requisitions and Accounting Controls

- 4.1. All purchase requisitions shall be entered into the Town’s financial software system and must:
- Identify the correct function and object codes, consistent with applicable New Hampshire Department of Revenue Administration rulesⁱ;
 - Bear the electronic approval of the appropriate Department Head/Approving Official.
- 4.2. Purchases requiring bids or price quotations shall include documentation of all bids or quotations received.
- 4.3. The Finance Office shall review requisitions to ensure:
- Compliance with Town policy; and
 - Correct accounting codes prior to issuing a Purchase Order (see endnote i).
- 4.4. If a purchase would cause a function/object line to exceed the approved budget by 10% or more:
- The Town Manager may request a budget transfer, or a new threshold amount for any given function budget line;
 - The expenditure must be approved by the Town Manager with confirmation by the Town Council; and
 - The Town Manager should identify savings or reductions in other budget lines to offset such expenditure and to maintain a balanced budget.

Section 5.0: Spending Authorization Thresholds

For expenditures within an approved budget line:

- **\$0 – \$5,000:** Approval by department heads/approving official.
- \$5,000 and above: Approval by Town Manager

Section 6.0: Quotation and Bidding Requirements

Unless otherwise exempted under Section 7, the following requirements apply:

- **\$0 – \$5,000:** Purchase must be in the best interest of the Town, as determined by the Town Manager.
- At least three (3) written quotations shall be requested when available. If fewer than three quotations are received after reasonable efforts, the Department shall document the efforts made and the quotations received, and the Town Manager (or designee) may authorize proceeding based on the best value to the Town.
- At least three (3) written quotations or formal bids shall be obtained in compliance with Town bidding requirements. If fewer than three quotations/bids are received after reasonable efforts, the Department shall document the efforts made and the responses received, and the Town Manager (or designee) may authorize proceeding based on the best value to the Town.

Section 7.0: Exceptions to Quotation and Bidding Requirements

The following purchases may be exempt from quotation or bidding requirements when properly documented: Purchases made through collaborative purchasing groups

- Purchases of utility services where competitive sources are not available, including current multi-year utility service contracts for the Town.
- Purchases involving the procurement of personal or professional services (including legal, engineering, architectural, auditing, and similar professional services) when selection is based on qualifications, experience, and/or statutory requirements rather than low bid. The Town Manager will maintain a yearly list of professional service providers where the pool of qualified providers is limited.
- Purchases of proprietary maintenance contracts, where alternate “authorized” sources are not available.
- Renewal of current vendor service contracts where quality and timely performance is a critical requirement and where the Town Manager determines renewal is in the best interest of the Town of Londonderry.
- Purchases involving major repairs where bidding or formal request for quotation requirements are waived by the Town Manager due to the urgency of the repair.
- Purchases involving a documented Sole Source of supply or Town Council approved Sole Source vendors.
- Any additional purchases considered to be in the best interest of the Town and authorized by the Town Council.
- Expense reimbursement.
- Specific software already approved and in use by the Town’s Technology Department to perform the functions of the Town of Londonderry. The IT Director will maintain a yearly list.
- Services that are directly contracted with the Town’s public schools.

- Professional development that is directly related to the Town’s adopted Strategic Plan goals and initiatives, or other Town Manager–approved organizational priorities.

Section 8.0: Town Council Approval Requirements

8.1. The following require Town Council approval regardless of dollar amount:

- All third-party agreements for Consulting Services. Exception: Applications before the Planning Board or Zoning Board regarding site plans or subdivisions as long as those services do not exceed \$30,000.
- All multi-year contracts and agreements (excluding routine mutual aid agreements and memoranda of understanding that do not create a financial obligation beyond the approved budget and that are authorized by the applicable Department Head);

8.2. Contracts for engineering, construction, and capital equipment purchases exceeding \$15,000:

- Require Town Council approval; and
- Shall be subject to Requests for Qualifications (RFQs) for professional engineering/architectural services, or Requests for Proposals (RFPs) / Requests for Bids as appropriate, to be issued by the Finance Director’s Office in coordination with the requesting Department unless otherwise authorized by the Town Council.

8.3. Purchases over \$15,000 that do not qualify for an exception under Section 7.0 require Town Council approval.

8.4. All new or renewed proprietary maintenance contracts and vendor service contracts with values that exceed \$15,000 require Town Council approval.

8.5. Town Council budget approval does **not** constitute approval of a specific purchase. All purchases must comply with this Policy.

Section 9.0: Purchase Order Procedure

9.1. All Purchase Orders must be approved by the Town Manager or designee prior to placement of any order.

9.2. Blanket Purchase Orders may be issued for recurring incidental purchases and must be approved by the Town Manager with confirmation of the Town Council. Any price increase requires issuance of a new Purchase Order or a change order.

9.3. Every Purchase Order shall include the following information:

- Date;
- Total amount, including shipping estimates;
- Vendor name and address;
- Quantity and description of items or services; and
- Department and account to be charged.

9.4. The Purchasing Agent may require additional documentation as necessary.

9.5. Approved Purchase Orders shall either be returned to the Department placing the order or sent directly to the vendor (electronically whenever practicable), as appropriate. Vendor order forms must accompany direct mail Purchase Orders where necessary.

9.6. Unapproved Purchase Orders shall be returned with written explanation.

Section 10.0: Cooperative Purchasing

10.1. Whenever feasible and in the best interest of the Town, purchases shall be made through collaborative purchasing groups (e.g. State of New Hampshire bids and U.S. Communities) or municipalities in order to take advantage of lower prices for bulk purchasing and reduce the administrative costs associated with bidding procedures.

10.2. The Town Manager is authorized to enter into cooperative purchasing arrangements and shall periodically evaluate opportunities to reduce costs and administrative burden.

Section 11.0: Conflicts of Interest

11.1. No employee, elected or appointed official, or volunteer of the Town shall perform any type of work, participate in the award or administration of a contract, or participate in decision-making where a conflict of interest exists or may reasonably be perceived to exist, unless authorized by the Town Council at a public meeting.

11.2. No employee, elected or appointed official, or volunteer of the Town shall authorize, confirm, or permit funds to be expended with any entity in which they or any member of their immediate family is an owner, officer, or employee. This includes, where applicable, approval of warrants, manifests, and other payments. Any exception must be authorized in writing by the Town Manager with notice to the Town Council, or by the Town Council when required by law or policy.

11.3. No employee, elected or appointed official, or volunteer of the Town who is participating or is about to participate in the selection, negotiation, award, or administration of a contract (including bids, RFQs, and RFPs) shall solicit or accept any kickback, gratuity, contingent payment, or any other pecuniary benefit from any person or entity involved in such contract.

Section 12.0: Emergency Purchases

An “emergency” is an unforeseen situation that threatens public health or safety, the protection of Town property, or the continuity of essential services, and that requires immediate action such that normal purchasing procedures would cause unreasonable delay. In the event of an emergency, the Town Manager, or their designee, shall have the authority to make such immediate purchases as deemed necessary. Once the emergency has been resolved, a detailed report of all emergency expenditures, the circumstances, and justification for all purchases shall be submitted to the Town Council.

Section 13.0: Spending Controls and Freezes

The Town Manager independently or at the recommendation of the Town Council, may implement partial or full freezes on spending to prevent budget deficits while maintaining compliance with applicable New Hampshire law, fulfilling all relevant contractual obligations, and maintaining essential services obligations.

This Policy shall take effect 14 days from the date adopted by the Town Council to provide the Town Manager time to distribute and train Department Heads/Approving Officials and staff with purchasing authority.

Section 14.0: Effective Date, Distribution, and Training

Upon adoption by the Town Council, this Policy supersedes the Purchasing Policy in the Londonderry Municipal Code (Chapter VI). All other provisions of the Municipal Code not addressed herein remain in effect. Where related policies (including the Credit Card Policy, Grants Policy, and Ethics Code provisions) conflict with this Policy, the Town Manager shall propose conforming amendments for Town Council consideration.

ⁱ As of the date of this policy the Town’s account codes do not follow the NH DRA administrative rules. The Town is in the process of considering the purchase of new software and will be updating the codes as part of the software implementation process. The completion timeline is TBD.