

FISCAL ACCOUNTABILITY RULES

RULE 8.1 – PROCUREMENT

Purpose

This rule establishes the guidelines for the procurement of goods, equipment, personal property and related services for the City and County of Denver. The Purchasing Division is committed to attracting and contracting with vendors who provide high quality, innovative goods and related services that support the City's activities, are delivered on schedule, and are at competitive prices.

This rule, and the associated [Procurement and Receiving Procedure](#) and the [PCard Procedure](#), shall be read in conjunction with, and users shall comply with, all applicable provisions of the following City Charter, Denver Revised Municipal Code (DRMC), Fiscal Accountability Rules (FAR), and Executive Orders (XO) noted to ensure compliance and understanding:

- [City Charter Article II – Mayor and Executive Departments, Part 9 – General Services](#)
- [Revised Municipal Code – Chapter 2 - Administration, Article IV – Code of Ethics](#)
- [Revised Municipal Code – Chapter 20 – Finance, Article IV – Contracts, Purchases and Conveyances, Division 2 – Purchases](#)
- [Fiscal Accountability Rule 1.2 – System of Record](#)
- [Fiscal Accountability Rule 7.1 – Propriety of Expenditures](#)
- [Fiscal Accountability Rule 8.2 – Receiving Goods and Services](#)
- [Fiscal Accountability Rule 8.3 – Accounts Payable](#)
- [Fiscal Accountability Rule 10.8 - Travel](#)
- [Executive Order 8 – Contracts and Other Written Instruments of and for the City and County of Denver](#)
- [Executive Order 18 - Establishment of Technology Services and Definition of its Mission and Functions](#)

FISCAL ACCOUNTABILITY RULES

RULE 8.1 – PROCUREMENT, CONTINUED

Definition

Contract – A binding agreement between two or more persons or parties, which is legally enforceable. Examples include construction contracts, agreements, amendments, leases, grants, easements, cooperative agreements, and licenses.

Change Order – The process prescribed by the Director for changing a purchase transacted and formalized on an active Purchase Order.

Credit Card – "...a payment card that is accepted by merchants, and which can be read at the point of sale. Credit cards offer revolving lines of credit to cardholders, which means they have the ability to pay balances over time." Read more at <http://www.creditcards.com/glossary/term-credit-card>.

Director – The Director of Purchasing

Emergency Purchase – A purchase that requires delivery of goods, equipment, personal property, or related services sooner than the normal purchasing process allows, to protect the welfare of the public and employees, or avoid excessive financial burden on the City.

Item File – An electronic catalog in the City's financial system containing frequently purchased items as defined by the Director, and available for order on a requisition or purchase order.

Payment Tolerance – A pre-determined dollar amount established by the Director of Purchasing to allow a payment to be made against a purchase order that is greater than the purchase order amount but less than the pre-determined tolerance.

Master Purchase Order (MPO) – An agreement between the City and a vendor to provide goods and related services to the City under mutually agreed upon terms and conditions. The MPO can be used for multiple agencies/departments.

FISCAL ACCOUNTABILITY RULES

RULE 8.1 – PROCUREMENT, CONTINUED

Non- PO Voucher – Is a payment method where the Director has determined that a purchase order is not beneficial and/or necessary. Note: Non-PO Voucher is the same as the Request for Special Payment method.

Procurement Card (PCard) – A corporate liability credit card and a component of the City’s “PCard” Program that is issued to authorized City employees for the purpose of executing purchase authority as delegated by the Director, and simplifies routine, low dollar purchases for goods and services

Purchase – A transaction that creates a commitment in the procurement of goods, equipment, personal property, and related services.

Purchase Order – An approved document to a vendor formalizing all the terms and conditions of a proposed transaction, such as a description of the requested items, delivery schedule, terms of payment, and transportation.

Requisition – A request approved by the Expending Authority of the requisitioning agency/department for the purchase of goods, equipment, and personal property and related services.

Services – Services necessary and incidental to the purchase of materials, goods, equipment, and personal property. This definition does not include professional services, construction services, or other services where a contract is required.

Travel Card (Card) - Is an individual liability credit card and a component of the City’s “Travel” Program that is issued to authorized City employees for the purpose of executing travel authority in accordance with [FAR 10.8 – Travel](#).

FISCAL ACCOUNTABILITY RULES

RULE 8.1 – PROCUREMENT, CONTINUED

Rule

1. The Director shall manage and control the purchase of all goods, equipment personal property, and related services for the City and County of Denver; The Director shall evaluate and approve the appropriateness and security of all purchasing documents and systems that perform any purchasing function or systems that connect to any system that performs purchasing functions.
2. The Director shall determine which of the purchasing or payment methods listed below are required. Additionally, the Director shall have the authority to establish alternate methods of purchase and/or require a Non-PO Voucher payment method in lieu of an established purchasing method. Refer to the [Procurement and Receiving Procedure](#), Non-PO Voucher section.
 - a. Requisition to Purchase Order
 - i. A Purchase Order is the primary method for procurement.
 - ii. All Requisitions shall be approved by the Expending Authority of the requisitioning agency/department affirming that the goods and/or services are necessary and that sufficient, unencumbered funds exist to pay for the purchase.
 - iii. A Change Order is required when there is an increase to the total cost of the PO beyond the established payment tolerance. A Change Order request form shall be submitted and approved by Purchasing Division.
 - iv. In the event an emergency purchase is necessary, the agency/department shall:
 - a) contact the Purchasing Division and obtain an emergency authorization number if the purchase is made during normal business hours;
 - b) attempt to contact the Purchasing Division and obtain an emergency authorization number if the purchase is made outside of normal business hours;
 - c) submit a requisition within 72 hours of the purchase and receipt of the goods, equipment, personal property or related services;

FISCAL ACCOUNTABILITY RULES

RULE 8.1 – PROCUREMENT, CONTINUED

- d) obtain subsequent ordinance approval as required in the event the purchase of capital equipment is necessary; and
 - e) Make sure that emergency purchases consist of only the minimum quantity necessary to address the emergency situation.
- b. Contract**
- i. Purchases for goods and/or services requiring a contract must go through the City Attorney's Office.
- c. Credit Card(s)**
- i. PCard
 - a) The Purchasing Division shall be responsible for the PCard program management. Refer to the [PCard Procedure](#).
 - b) The PCard may be used for purchases under the following circumstances:
 - (i) the purchase is equal to or less than \$2,000; and,
 - (ii) the purchase is not a service, except as allowed and documented by the Director in the PCard Allowed Services section of the [Procurement and Receiving Procedure](#); and,
 - (iii) the item purchased is not "Active" in the PeopleSoft Item File; and,
 - (iv) the purchase is not repetitive, except when the item is on an MPO; or,
 - (v) The Director deems that a PCard is beneficial and/or necessary.

FISCAL ACCOUNTABILITY RULES

RULE 8.1 – PROCUREMENT, CONTINUED

- ii.** Alternate Cards
 - a) The use of other credit cards shall be approved by the Director prior to creating any commitment to a vendor or issuing entity.
- iii.** Card
 - a) The Purchasing Division shall be responsible for Travel Card program management.
 - b) Cards shall only be used to pay for travel activities that comply with [FAR 10.8 – Travel](#).
- d.** Non-PO Voucher Payment Method
 - i. For purchases listed in the Non-PO Voucher section of the [Procurement and Receiving Procedure](#), the Non-PO Voucher payment method is preferred. Refer to [FAR 8.3 – Accounts Payable](#).
- 3. Employees shall not split purchases to avoid the dollar thresholds contained in this rule, in the Denver Revised Municipal Code, or in Denver’s Charter, or perform other actions with the intent of avoiding purchasing requirements
- 4. Purchases made using petty cash or employee reimbursements for payment shall comply with this FAR.
- 5. The City shall not purchase any supplies or equipment for the personal use of City personnel, nor shall arrangements be made by the Purchasing Division to create any buyer-seller arrangements for personal use.
 - a.** Vendors may, at their own discretion, extend City discounts and/or contract rates to City personnel on personal purchases, provided these arrangements do not violate the City’s Code of Ethics.
 - b.** Any City employee making a personal purchase from a City vendor shall be responsible for complying with all applicable sales tax regulations.

FISCAL ACCOUNTABILITY RULES

RULE 8.1 – PROCUREMENT, CONTINUED

6. Any purchase that does not meet the requirements of this FAR requires written authorization by the Director for the payment to be processed.

Procedures and Forms

The **Purchasing Division** is responsible for any procedures and forms associated with this rule.