



BOROUGH OF HANOVER

ADOPTED SEPTEMBER 28, 2022

BID PROCUREMENT, CONTRACTS, AND PURCHASING POLICY

The Borough of Hanover conforms to the following guidelines for bid procurement, contracts, and purchasing:

LEGAL REQUIREMENTS:

The Hanover Borough Code

§16-6 of The Hanover Borough Code establishes Powers and Duties of the Borough Manager which include:

- (12) He shall attend to the letting of contracts in due form of law, subject to the approval of the Solicitor, and he shall supervise the performance and faithful execution of the same except insofar as such duties are expressly imposed upon some other Borough officer by statute.
- (14) He shall be the Purchasing Officer of the Borough and he shall purchase, in accordance with the provisions of the (Pennsylvania) Borough Code, all supplies and equipment for the various agencies, boards, departments and other offices of the Borough. He shall keep an account of all purchases and shall, from time to time or when directed by Council, make a full written report thereof. He shall comply with the orders, rules and regulations established by Council governing the requisition and purchasing of all municipal supplies and equipment.

The Pennsylvania Borough Code

Section 1401 of the Pennsylvania Borough Code gives each Borough the authority to make contracts for lawful purposes and for the purposes of carrying into execution this part and laws of this Commonwealth (attached).

Section 1402 of the Pennsylvania Borough Code sets forth which contracts require competitive bidding and which contracts do not, based on the dollar amount of the contract. These dollar thresholds are adjusted annually by the Pennsylvania Department of Labor and Industry. For 2022, the thresholds are as follows:

- Purchases and contracts below \$11,800 require no formal bidding or written/telephonic quotations.
- Purchases and contracts between \$11,800 and \$21,900 require three written/telephonic quotations. A written record of telephonic price quotations must be made and must contain at least the date of the quotation, the name of the contractor and the contractor's representative, the construction, reconstruction, repair, maintenance or work that was the subject of the quotation and the price. Written price quotations and/or written records of telephonic price quotations must be retained for a period of three years. The record of written price quotations can be in email form.
- Purchases and contracts over \$21,900 require formal bidding.

NOTE: Borough official may not evade the bidding requirements by contracting in a piecemeal fashion or making a series of contracts below the above dollar limits.

NOTE: Even if a purchase is exempted from the competitive bidding process, Borough officials may still decide to bid the contract or obtain competitive quotes for prices and services through a Request for Proposals (RFP)

Exceptions:

Section 1401(d) of The Pennsylvania Borough Code specifically lists contracts or purchases which do not require advertising, bidding, or price quotations (please see §1401[d] for specific applicability):

1. Routine and emergency maintenance, repairs, or replacements for water, electric light, or other public works of the municipality if they do not constitute new additions, extensions, or enlargements of existing facilities and equipment.
2. Improvements, repairs, and maintenance of any kind made or provided by the municipality through its own employees. However, all materials used for street improvement, maintenance, and/or construction projects that cost in excess of bidding thresholds are subject to the bidding requirements.
3. Purchases for mitigation of real or potential emergency involving a clear and present danger to health, safety and welfare.
4. Purchases where particular types, models, or pieces of equipment, articles, apparatus, appliances, vehicles, or parts thereof are patented and manufactured or copyrighted products.
5. Purchases of used personal property from another public agency.
6. Purchases of any insurance policies or surety company bonds and contracts made for public utility service, electricity, natural gas, or telecommunications service.
7. Purchases of any public utility service under tariffs on file with the Pennsylvania Public Utility Commission.
8. Intergovernmental contracts made with another political subdivision or county, the state or federal government or any of their agencies, or any municipal authority. Municipal purchases through state contracts under the COSTARS/KPN programs are exempt from advertising and bidding requirements.
9. Contracts for purchase of personal or professional services, including, but not limited to, those provided by lawyers, engineers, auditors, and accountants.
10. Purchases of real estate are negotiable.

NOTE: These exceptions are construed narrowly and Borough officials should be very cautious when asserting one of these exceptions.

GENERAL RULES ON BID PROCUREMENT, CONTRACTS AND PURCHASING:

Bid Procurement

The Borough Manager shall oversee all purchasing and contracts but may designate the Borough Secretary or other qualified individual or consultant to advertise, tabulate and publish all necessary specifications and bid results to the public and bidders.

Nothing in this policy shall preclude the use of Commonwealth of Pennsylvania's Cooperative Purchasing Program (COSTARS), Keystone Purchasing Network (KPN) or other Pennsylvania State approved purchasing consortiums, as defined in Title 62 -Procurement, of the Commonwealth Procurement Code which provides the statutory authority for member entities to engage in cooperative purchasing with the Commonwealth, which services can be utilized by municipalities in the best interest its citizens to provide cost effective supplies and services as an alternative to the bidding process.

Nothing in this policy shall preclude the prerogative of the Borough Manager or his/her designee to engage in a Request for Proposals (RFP) to contract for specialized professional services for designated projects.

Purchasing

All anticipated purchases whether they be new purchases or those necessary to sustain normal operations should be addressed by Hanover Borough Council in a public presentation prior to the annual budget approval each year and shall not be subject to additional approvals from Hanover Borough Council during that year when purchase is initiated, if budgeted previously.

A purchase order is required for all budgeted and unbudgeted purchases and must be signed by the purchaser and their Department Head, if applicable. Department Heads are to make fiscally responsible choices in supplier selection by periodically soliciting price lists or quotes to ensure the receipt of favorable prices.

Hanover Borough Council shall have the authority to approve unbudgeted purchases over \$5,000 as they deem are in the best interests of the citizens of the Borough of Hanover.

The Borough Manager shall have the authority to approve unbudgeted purchases under \$5,000 as he/she deems necessary to sustain normal Borough operations.

In the event of an emergency, when the time required to comply with procurement policies would endanger the health and safety of Borough residents, cause damage to property or the environment, or jeopardize the Borough's ability to meet regulatory or reporting requirements, limited supplies or services necessary to meet the needs of the emergency may be approved by the Borough Manager. Notice must be provided to Borough Council regarding the emergency purchase within one business day for purchases over \$5,000; an email notification within 24 hours would be sufficient, followed by a motion to ratify the emergency approval at the next Borough Council meeting.



BOROUGH OF HANOVER

Effective September 28, 2022

BID PROCUREMENT, CONTRACTS, AND PURCHASING PROCEDURE

Overview

- The Borough's Purchasing Procedure must follow the guidelines established by the Borough of Hanover's Bid Procurement, Contracts and Purchasing Policy ("Policy").
- This policy is based on Section 16-6 of The Hanover Borough Code and Section 1401 The Pennsylvania Borough Code.
- Exceptions to the policy are outlined in Section 1401(d) of The Pennsylvania Borough Code.

Purchase Order Process

The purchase of any product or service for the Borough valued over \$100 requires the issuance of a purchase order. Purchases of less than \$100 can be processed through a Borough purchasing card or purchased and reimbursed to the employee if a personal credit card or cash. (Please retain valid original receipt for proof-of-payment for all purchasing card purchases or requests for personal reimbursements)

Purchases less than \$11,800 (*this is the rate for 2022; this rate is adjusted annually by the Dept. of Labor & Industry*)

1. Verify the proper accounting code and available budget for the purchase. If budget is not available, please obtain approval prior to generating a purchase order.
2. Verify the vendor contact information (Name, Address, Email, Phone Number, etc.) for all new vendors. Recurring vendors will not require verification
3. Obtain a standard **pre-numbered** Borough purchase order form. Complete the following information.
 - Vendor Name & Address
 - Add contact information (Telephone and email) if available
 - Purchase Order Date
 - Project Number- Project name or other identifying information
 - Quantity- Number of units or items
 - Description- Complete identifying information from quote or how the product will appear on vendor invoice
 - Account Number – Based the accounting expense or capital per the Borough approved codes
 - Unit Price- The cost of each unit or item.
 - Add shipping or installation costs if required
 - Total Cost- Value of the entire purchase (*Note no sales tax should be charged to the Borough*)

- Authorized Signature (Also include the name of the requestor)
\$500 or less- Manager/Supervisor
\$500-\$5,000 Department Director
\$5,000+ Borough Manager/Administrator or Finance Director

4. Complete Purchase Order Copies to be distributed.

- Original Copy- Mailed, Fax, Scanned to vendor. Vendor should be instructed that the purchase order number should appear on all invoices.
- Yellow Copy- Provide to Accounts Payable Department. Please attached written or emailed quote from the vendor.
- Pink Copy- Maintained by requester and should be provided to Accounts payable along with invoice and/or packing slip to verify that product or service was received by requestor

5. Receipt of goods/services

6. Vendor invoice received and compared to packing slip or other verification from requestor.

7. Accounts Payable will process payment per the Borough's normal vendor payment schedule.

Purchases between \$11,800-\$21,900 (*this is the rate for 2022; this rate is adjusted annually by the Dept. of Labor & Industry*)

1. Will require three valid written/telephonic quotations from vendors for the same product/services requested.
2. Quotations must include
 - Date of quotation
 - Name of the Vendor/Contractor
 - Name/Contact Information of the contractor representative
 - The nature of the product/services (i.e. Construction, Reconstruction, repair, maintenance or other work that is the subject of the quotation and the price)
3. Once the vendor is chosen, please follow the same purchase procedure as identified previously.

Purchases great than \$21,900 (*this is the rate for 2022; this rate is adjusted annually by the Dept. of Labor & Industry*)

1. Purchases of this value will require a formal bidding process which is outlined in a separate procedure.
2. Borough officials may not evade the bidding requirements by contracting in a piecemeal fashion or making a series of contracts below the defined dollar limits.
3. Even if a purchase is exempted from the competitive bidding process, Borough officials may still decide to bid the contract or obtain competitive quotes for prices and services through a Request for Proposal (RFP).

Any questions concerning this procedure should be directed to the Borough Finance Director