

	CITY OF BOERNE – FINANCE DEPARTMENT	
	POLICY 300 - GENERAL PROCUREMENT POLICY	
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Section 1. Purpose of this Policy

This policy is intended for all City of Boerne personnel, to be used as a guide for procuring items and services. This policy is based on requirements from the State of Texas for municipal purchasing. There are many Governmental statutes that set the parameters for what the City can and cannot do. This Policy is intended to summarize those requirements into one document for reference. Purchasing for a municipality requires transparency and must follow procedures to ensure a fair process, one that aligns with laws and provides best value to the citizens.

Section 2. Ethical Standards

When utilizing taxpayer funds, it is vital that employees maintain high ethical standards. Extra due diligence should be taken to avoid any perception of unfairness. Even an unintentional perception of unfairness can damage public trust in the City. With this in mind, the following ethical standards should be adhered to.

- 2.1 An employee, elected official, or board member should not attempt to realize personal gain through their position
- 2.2 An employee, elected official, or board member should not use the City's purchasing power to purchase material, equipment, supplies or anything else for personal use.
- 2.3 An employee, elected official or board member should not directly or indirectly participate in the procurement of goods or services if the employee has knowledge that the following applies:
 - 2.3.1 The employee or any member of their immediate family has a financial, business, or personal interest in the procurement.
 - 2.3.2 If an employee discovers that they or any member of their immediate family has a financial, business, or personal interest in the procurement, they should immediately recuse themselves from the solicitation.
- 2.4 An employee, elected official, or board member should not accept kickbacks, gratuity, or offer of employment from a prospective or current vendor.
- 2.5 An employee, elected official, or board member should not disclose any confidential information for anyone's interest, whether it is personal or financial.
- 2.6 An employee elected official, or board member should not have a direct or indirect financial interest in any sale made to the City.
- 2.7 A prospective vendor should not attempt to influence any employee, elected official or board member to breach these ethical standards.

Section 3. Quick Reference Guide: Authorizations and Responsibilities

Single Purchase approvals shall adhere to the following:

Amount	Single Purchase Authorization Requirements
\$0- 2,999.99	<ul style="list-style-type: none"> • Usage of City-issued Purchase Card is encouraged with adherence to the City’s Purchase Card Policy and Procedures Manual. • Informal approvals (verbal) required per the Authority Matrix.
\$ 3,000.00 -99,999.99	<ul style="list-style-type: none"> • Three written quotes are required. Valid exceptions must be documented with a completed Exemption Form attached to the requisition. Refer to full exemption listing on the form which is maintained in the Procurement Resource Library. • Requisition and issued purchase order are required PRIOR to purchase unless purchase is made on a City purchase card in accordance with the Purchase Card Policy and Procedures Manual, or the purchase is a valid public emergency as defined by purchase exemption laws. (See Section 11) • H.U.B. search and documentation required (See Section 4) • All required documentation should be attached to the requisition (See Section 11) • Budgeted <u>and</u> within Budget for purchases of 14,999.99 or less: <ul style="list-style-type: none"> ○ Approval required by Department Manager or higher * • Budgeted <u>and</u> within Budget for purchases of \$15,000.00 or more: <ul style="list-style-type: none"> ○ Approval required by Department Head and CMO * • Unbudgeted <u>or</u> over Budget: Approval required by Department Head and CMO *
<p>\$100,000.00 or greater single purchase - or - \$100,000.00 or greater per vendor for sequential or same product/service per Fiscal Year</p>	<ul style="list-style-type: none"> • Complex competitive bidding requirements – documentation must be maintained by the department making the purchase in accordance with the Records Retention Policy and also attached to the requisition. • Valid exceptions to bidding requirements must be documented with a completed Exemption Form attached to the requisition. Refer to full exemption listing on the form which is maintained in the Procurement Resource Library. • Requisition and issued purchase order are required PRIOR to purchase unless the purchase is defined as a valid public emergency as defined by purchase exemption laws (See section 10.5.2) • Budgeted <u>and</u> within Budget: Department Head, CMO, Council Approval Consent agenda <ul style="list-style-type: none"> ○ Agenda Item Summary must state the item was within budget and explain compliance with bidding requirements. • Unbudgeted <u>or</u> Over Budget: Department Head, CMO, Council Approval Regular agenda <ul style="list-style-type: none"> ○ Department Head must meet with the Finance Director prior to the agenda packet being due to propose funding for the item. ○ Funding proposal must be approved in writing by the CMO. ○ Funding proposal and explanation of compliance with bidding requirements must be explained in the Agenda Item Summary.

*As defined by the **Authority Matrix**, which includes authorized designee in approved circumstances

Section 4. Historically Underutilized Businesses (HUBs)

If the City is processing a request for quote for more than \$3,000 but less than **\$100,000**, at least two historically underutilized businesses in Kendall County must be contacted on a rotating basis, based on information provided by the comptroller pursuant to Chapter 2161 (Historically Underutilized Businesses), Government Code. If the list fails to identify a historically underutilized business in Kendall County, the municipality is exempt from this section.

The HUB search directory is maintained by the Texas Comptroller's office website. Detailed HUB search instructions and documentation requirements are available in the **Procurement Resource Library**.

**Please note that the search page automatically defaults to CMBL only. Select HUBs only and Kendall County when conducting a HUB vendor search.*

A requisition for any purchase between \$3,000-\$100,000 must include at minimum a note explaining details of the HUB search conducted. If quotes are obtained from a HUB vendor, they must be attached to the requisition. If a HUB vendor located in Kendall County cannot be found for the products/services being solicited, a note must be entered in the notes field of the requisition detailing the search conducted and the results of the search.

Purchases made through a governmental purchasing cooperative do not require a separate HUB search. If a vendor is a part of a purchasing cooperative, a note is still required to be added to the purchase order indicating the reason a HUB search was not performed.^{1& 2}

Section 5. Training

Department Heads are responsible for ensuring all purchasers in their department have attended training on this policy, and have signed the purchaser acknowledgement. Any employee listed on the matrix of authority, designated as a Departmental Purchasing Representative, or issued a City Purchase Card is required to sign the purchaser acknowledgement. All purchasers must attend training to participate in the purchase program. Additional training may be subsequently required to maintain status in the purchasing program.

¹ Texas Comptroller's HUB directory is maintained at: <https://comptroller.texas.gov/purchasing/vendor/hub>

² State of Texas Purchasing Cooperatives: <https://www.comptroller.texas.gov/purchasing/coptx/>

Section 6. Sales Tax

As a municipality, the City is exempt from paying sales tax on all purchases made for official City business. It is the responsibility of the purchaser to verify that no sales tax has been charged on any receipts or invoices. If sales tax has been mistakenly applied, the purchaser must have the sales tax removed immediately. There are certain exceptions to this rule for specific travel-related expenses and some food purchases, as detailed in the following sections.³ If the purchaser is unable to obtain a refund of the sales tax, they must either (1) reimburse the City for the sales tax charged and provide proof of reimbursement or (2) obtain written approval from the City Manager's office to waive the reimbursement requirement. All relevant documentation, including receipts and approvals, must be attached to the invoice or the purchaser's monthly Purchase Card packet, as applicable.

6.1 Meal Purchases

For meal purchases under \$250.00, the Cardholder is not required to have sales tax exempted. This applies to purchases such as team lunches and unplanned events. However, this exception does not apply to food purchases from grocery stores.

For large, catered meals costing \$250.00 or more, sales tax should not be charged, and the Cardholder must ensure that the tax exemption is applied.

6.2 Hotel and Lodging Taxes

The City is not exempt from hotel/motel occupancy taxes or other lodging, or airline-related taxes and fees, and these non-sales taxes are to be paid when incurred as part of official City business.

6.3 Gifts

Gifts such as retirement gifts, or appreciation gifts for boards and commissions members are not exempt from sales taxes, as they benefit the recipient directly and not the City. All purchases of gifts with City funds should strictly follow guidelines in the personnel policy. Gifts to employees using City funds must be approved in advance by the Human Resources Director.

6.4 Access to Tax Exemption Certificate

The City's tax exemption certificate is available in the **Procurement Resource Library**. The City's tax exemption status is legally restricted to City-related purchases only. It is illegal for anyone to use the City's tax exemption status for personal purchases or any non-City-related transactions. Misuse of the City's tax-exempt status for personal gain may result in disciplinary action, including termination of employment and potential legal consequences. Employees are responsible for ensuring that all use of the City's tax-exempt certificate complies with applicable laws and City policies.⁴

³ Texas Government Code Section 2161.061

⁴ Texas Tax Code Section 151.309

Section 7. Freight and Shipping

The preferred method for shipping items to the City is FOB (Free on Board) Destination, which makes the vendor responsible for the shipment until the City inspects and accepts it. The vendor selects the shipper and is responsible for the risk of transportation, including filing for loss or damages. FOB shipping method, freight and shipping costs should be written in the quote/proposal. City employees should never sign for or accept a shipment of goods that are damaged. City employees should not engage in the unloading of large equipment or fragile items.

Section 8. General Rules and Prohibitions

8.1 House Accounts, Charge Accounts and Accounts on Credit

These are similar in that they allow for an individual to receive a good or service, and instead of paying for each individual transaction immediately, the vendor keeps track of items purchased and will bill for the outstanding charges at a later date. When used correctly for frequently used suppliers or service providers, these arrangements can streamline purchasing processes and centralize billing. However, these types of accounts come with heightened risk of fraud and require extra diligence on the part of the vendor, the purchaser, and approvers of individual transactions.

Because of the risk, these types of accounts are highly discouraged. Extreme caution should be used. Alternate forms of purchase are recommended.

Employees are strictly prohibited from signing up for these types of accounts in the name of the City without written advance approval by the Finance Director, or City Manager's Office, or designee. The Procurement Coordinator is responsible for maintaining a list of the authorized Charge Accounts. Prior to this type of account being authorized, time must be permitted for the Finance Director or designee to set up appropriate internal controls to safeguard the City from risk of fraud.

8.2 Alcohol

Purchase of alcohol using City funds is strictly prohibited unless expressly authorized for a specific, documented purpose in advance by the City Manager or designee.

8.3 Online Purchase Accounts and Purchases made online

8.3.1 Only employees designated on the Purchase Authority Matrix are authorized to make online purchases using City funds. Online purchases must comply with the same policies and procedures as in-person purchases. When using a City-issued card for online purchases, Cardholders must adhere to the City's Purchase Card Policy. City purchase cards may not be saved for recurring use on websites.

8.3.2 To enhance oversight and reduce the risk of unauthorized transactions, the City seeks to centralize online purchasing accounts for commonly used platforms (e.g. Amazon and Walmart). Consequently, access to these centralized accounts will be granted primarily to designated Departmental Purchasing Representatives, rather than allowing individual-level access. The Account Administrator and his/her designee will have dual administrative access to these City-level accounts and be responsible for maintaining the list of users and deactivating accounts of employees who leave the City.

8.3.3 Departmental-level online purchasing accounts are permitted but must receive Department Head approval prior to use. Departmental Purchasing Representatives are responsible for maintaining an up-to-date list of websites used for purchases and identifying which individuals within their department have access to these sites. Departmental Purchasing Representatives and their managers will be required to have dual administrative access to these department-level accounts and be responsible for maintaining the list of users and deactivating accounts of employees who leave the City. This listing will be reviewed periodically by the Account Administrator, and IT department for appropriateness.

8.3.4 If a City-level account is available, departments will be required to utilize the centralized online purchasing method through the City-level account. Exceptions require a written business need, and approval by the Account Administrator. Departments may be required to convert department-level accounts to City-level accounts if they later become available.

8.4 Gift Cards

8.4.1 Purchase of Gift Cards

Purchasing gift cards with City funds poses a significant risk of misuse, fraud, and lack of transparency. Gift cards are difficult to track and can be easily used for unauthorized or personal expenses, making it challenging to ensure proper accountability. Additionally, receipt of gift cards may result in income tax consequences to the recipient, which would need to be investigated by the Finance Director or designee. To maintain fiscal responsibility and safeguard against potential abuse, the purchase of gift cards using City funds is strictly prohibited unless expressly authorized for a specific, documented purpose by the City Manager or designee.

8.4.2 Receipt of Gift Cards

To uphold fiscal responsibility and safeguard against potential abuse, the receipt of gift cards, including well-intended donations, is strictly prohibited unless expressly authorized in advance by the City Manager or designee for a specific, documented purpose. Acceptance of such donations requires additional internal controls.

While donations of gift cards may be offered in good faith for specific purposes, they should either be declined or submitted to the Finance Department to ensure proper accounting as a City asset. Employees must adhere to Personnel Policies related to the acceptance of gifts and gratuities, ensuring that no gift is accepted if it could influence official actions or impair the independence of judgment in performing duties for the City.

Every effort must be made to prevent both actual and perceived conflicts of interest to protect the integrity and trust in City operations.

8.5 Employee Expense Reimbursements for Legitimate City Expenses including Travel

Policies around Employee Expense reimbursements, including travel are covered in detail in the Personnel Policy Handbook section 18. Forms to request Employee Expense Reimbursements or advancements are included in the **Procurement Resource Library**.

8.6 Technology Purchases

Policies around technology purchases are covered in detail in the Personnel Policy Handbook Section 19.02.14. All IT subscription purchases must be approved by the IT department and will be paid for by the IT department. Only the IT Director or designee may make exceptions to this rule.

Section 9. Restricted Vendors

9.1 Restricted Vendors

9.1.1 What is a Restricted Vendor?

A restricted vendor is any vendor deemed unsuitable for future business with the City due to documented risks or issues. A vendor may be restricted for reasons including, but not limited to:

- Posing a security threat to the City,
- Having outstanding financial obligations to the City,
- Being involved in ongoing legal disputes with the City, or
- Causing financial or reputational harm to the City.

Financial harm includes, but is not limited to:

- Failure to deliver goods or services as agreed.
- Breach of contractual obligations.
- Consistent poor performance.

The City strictly adheres to the guidelines set forth on the **State Restricted Texas Department of Information prohibited Software and Developers List**. The list is maintained on the Texas Department of Transportation website, and is also available in the **Procurement Resource Library**.

9.1.2 Instructions on how to add or remove a vendor from the restricted list

Procedure for Addition

- The responsible City department must submit a written request to the Procurement Office detailing the reason(s) for restriction, including supporting documentation.
- The Procurement Office will review the submission for completeness and accuracy.
- The City Manager, or their designee, will approve or deny the request.
- If approved, the vendor may be notified in writing of their restricted status, along with the reason(s) and any opportunities for remediation (if applicable). Notice to the vendor is not required, but recommended if it is the City Manager's, Department's, or Procurement Coordinator's belief that the vendor could be used in the future.

Criteria and Procedure for Removal

- Vendors or responsible City department may petition for removal from the restricted vendor list by submitting a written request to the Procurement Coordinator, including evidence that the issue(s) leading to blacklisting have been resolved.
- The Procurement Office will review the petition and verify the claims.
- A recommendation for removal will be submitted to the City Manager, or their designee, for final approval.
- Vendors may be notified in writing of the decision if the City Manager, Department Head, or Procurement Coordinator believe it is in the best interest of the City.

9.1.3 Restricted Vendors Listings

Purchases from restricted vendors are strictly prohibited without prior written approval from the City Manager's office as well as other appropriate individuals as determined in the restricted vendor listing document. Written approval must be included with purchase card approval packet and/or Purchase Order documentation.

A listing of restricted vendors will be maintained by the Procurement Coordinator and made available in the **Procurement Resource Library**.

9.2 Periodic Review of Restricted Vendor List

The Procurement Office will conduct a formal review of the **restricted vendor list** at least once annually, or more frequently if deemed necessary. This review will include:

- Verifying that vendors on the restricted vendor list continue to meet the criteria for restriction.
- Removing vendors from either list if they no longer meet the criteria or if issues have been resolved.
- Updating supporting documentation for vendors as needed to ensure accuracy and completeness.

The results of the review, along with any updates, will be documented and submitted to the Finance Director or their designee for approval, and communicated to authorized individuals at least once annually, or more frequently as deemed necessary.

9.3 Local Preference

The Texas Local Government Code includes two provisions that allow municipalities to give preference to local vendors under certain conditions for purchases subject to competitive bidding requirements under Texas Local Government Code Section 252. These provisions do not apply to purchases below the competitive bidding threshold.

The specific applicable criteria are defined through the Texas Local Government Code, and the criteria are based on each competitive bidding process, not through a list. The two separate provisions that allow for local preference are listed below:

9.3.1 Local Preference consideration for Bidder’s Principal Place of Business for purchases of real or personal property.

Pursuant to Texas Local Government Code Section 271.905, if the City receives one or more bids from a vendor whose principal place of business is within City Limits and whose bid is within three percent of the lowest bid price received by the City from a bidder who is not a resident of the local government, the local government may enter into a contract with:

- (1) the lowest bidder; or
- (2) the bidder whose principal place of business is within City Limits if the City Council determines, through resolution or ordinance, that the local bidder offers the City the best combination of contract price and additional economic development opportunities for the local government created by the contract award, including the employment of residents of the local government and increased tax revenues to the local government.

9.3.2 Local Preference Consideration for Bidder’s Principal Place of Business for purchases of construction services less than \$100,000 and other purchases of personal property less than \$500,000.

- If the City receives one or more competitive sealed bids from a vendor whose principal place of business is within City limits and whose bid is within five percent of

the lowest bid price received by the City from a bidder who is not a resident of the City, the City may:

- enter into a contract for construction services in an amount of less than \$100,000 or
- enter into a contract for other purchases in an amount of less than \$500,000

with:

- (1) the lowest bidder; or
- (2) the bidder whose principal place of business is in the municipality if the governing body of the municipality determines, in writing, that the local bidder offers the municipality the best combination of contract price and additional economic development opportunities for the municipality created by the contract award, including the employment of residents of the municipality and increased tax revenues to the municipality.

- This section does not prohibit a municipality from rejecting all bids.
- This section does not apply to the purchase of telecommunications services or information services, as those terms are defined by 47 U.S.C. Section 153.

9.3.3 What is Local Preference for projects or purchases less than \$100,000?

The City of Boerne Procurement Policy allows for local preference in vendor selection when one or more quotes have been received, and the local vendor's quote is within 3% of the lowest price received.

Section 10. Purchase Parameters – Purchases of \$0 - \$2,999.99

Purchases less than \$3,000 are not required to be competitively bid. While there are no formal requirements for obtaining quotes under \$3,000, sound judgement should be used to ensure the City is receiving best value. Quotes can be obtained but are not required. Below are some general guidelines for purchases under \$3,000.

- A City-issued Purchase Card is encouraged to be utilized for purchases under \$3,000.
- Verbal quotes are acceptable for purchases under \$3,000.
- Budget must be available prior to making the purchase.
- Informal verbal approval prior to purchase is acceptable according to the Authority Matrix.

Section 11. Purchases of \$3,000.00 to \$99,999.99

Under State law, before the City plans to make purchases of \$3,000 but less than \$100,000 certain requirements are required to meet competitive bidding requirements.

10.1 Three Written Quotes are Required

Three written quotes are required. This can be performed at the time of budgeting or purchase. Written quote documentation is required to be attached to the requisition.

10.2 Historically Underutilized Business Solicitation Required

The purchaser is required to contact at least two vendors from the State's current certified Historically Underutilized Business (HUB) list. If the listing fails to identify a HUB in the county in which the City is situated (Kendall County), the City is exempt from this requirement. The search must be documented in the requisition for the City's legal requirements under this statute to have been met. (See section 4 for more information).

10.3 Exceptions to Quote Requirements

If the purchase is subject to a valid exemption under the law as indicated on the **City's Exemption Form**, quotes are not required. If an exemption applies, the purchaser should complete an exemption form and attach it to the purchase requisition. If three written quotes cannot be obtained due to inconsistency in product among vendors, or unwillingness of vendors to provide written quotes, documentation must be included with the requisition notes section to explain why three quotes could not be obtained.

10.4 Requisition and Issued Purchase Order are Required Prior to Purchase

A purchase order (PO) is the legal document that authorizes the purchase and permits the vendor to either deliver the product or begin services. The PO Packet that contains all the details of the purchase, as well as required documentation is also proof that the purchase complied with all applicable procurement laws. A purchase will not be considered authorized without a valid PO and attached documentation. Purchasers may be held personally responsible for purchases made without an authorized PO. A requisition must be entered with all required documentation and approved in Incode, and a purchase order must be issued PRIOR to purchase except in the following circumstances:

10.5 Exceptions to Purchase Order Requirement

10.5.1 Purchases made on a Purchase Card in accordance with the **Purchase Card Procedures Manual** do not require purchase orders. Refer to the **Purchase Card Policy and Procedure Manual** section C1.3 for purchases over \$2,999.99 on a purchase card.

10.5.2 If the purchase is due to a valid public emergency as defined by purchase exemption laws, a purchase order may be entered *after* the purchase is made. An exemption form must be included with the requisition when entered.

10.6 Documentation Requirements

All quotes, bids, proposals, request for quote (RFQ), completed exemption forms, **Resolution number (if applicable)**, and HUB search documentation must be attached to the requisition request in Incode. Requisitions may not be approved, and a PO will not be issued without appropriate documentation.

Section 12. Competitive Bidding Requirements – Purchases of \$100,000 or more

12.1 Solicitation Types and Definitions

Solicitation Type	Use	Price Determination
Invitation for Bid (IFB)	Price is the sole factor in award. Requirements may specify qualifications that the bidder must meet. If the qualifications are not met, the City can elect to not move forward with business.	Negotiations are not allowed. Whether it is solicited as a lump sum or unit price project, the bidder is not allowed to change their bid.
Request for Competitive Proposals	Used for construction projects. Price is just one component of the selection. An evaluation team ranks and scores the submittals based on the evaluation criteria (Price, Experience, Proposed Plan, etc.)	Negotiations are allowed. If an agreement can't be met, the City can move forward with negotiations with the next ranked firm.
Request for Proposals (RFP)	Used for non-construction or professional services solicitations. An evaluation team ranks and scores the submittals based on the evaluation criteria (Price, Experience, Proposed Plan, etc.)	Negotiations are allowed. If an agreement can't be met, the City can move forward with negotiations with the next ranked firm.
Request for Qualifications (RFQ)	Price may not be a factor in the selection. An evaluation team ranks and scores the submittals based on other evaluation criteria.	After selection, the recommended firm(s) will be notified, and negotiations begin. If negotiations are unsuccessful, the City may move to the next ranked firm(s).
Construction Manager at Risk (CMR)	A one-step process where price is received with qualifications and other criteria, or a two-step process is followed where a maximum of 5 businesses are shortlisted based on qualifications, then a Request for Proposal (RFP), which includes price and other criteria is issued to the shortlisted firms.	Negotiations are allowed. If an agreement can't be met, the City can move forward with negotiations with the next ranked firm. A guaranteed maximum price is set. City hires architect/engineer separately, and a General Contractor comes aboard to provide consultation during design and to construct.

Solicitation Type	Use	Price Determination
Design Build	May be used for Vertical Construction Projects. A two-step process is followed where a maximum of 5 firms are shortlisted based on qualifications, then a Request for Proposal, which includes price and other criteria, is issued to the shortlisted firms.	City hires a team that includes a General Contractor and Engineer/Architect to jointly design and construct. Provides for cohesive team and is usually utilized when only minimal design has occurred. Negotiations are allowed. If an agreement can't be met, the City can move forward with negotiations with the next ranked firm. A guaranteed maximum price is set.

12.2 Vendor Contract through Interlocal Agreement

This section will be put into effect with the future implementation round of the policy. (5 6)

Section 13. Change Orders

This section will be put into effect with the future implementation round of the policy

Section 14. Receiving the Service/Product Ordered with a Purchase Order

This section will be put into effect with the future implementation round of the policy

Section 15. Invoices

This section will be put into effect with the future implementation round of the policy

Section 16. Disposal of Surplus Property

This section will be put into effect with the future implementation round of the policy

Section 17. Disciplinary Action

Violations of this policy will result in disciplinary action, which may include written warnings, suspension of procurement privileges, reimbursement of unauthorized expenses, and termination of employment. Severe violations may be referred for criminal prosecution. To ensure compliance with the City's procurement policies and maintain accountability in the

⁵ Texas Government Code Section 791.025

⁶ Texas Municipal Procurement Laws Made Easy (Texas Municipal League)

purchasing process, a structured disciplinary framework is established through three violation levels and associated consequences:

Level 1 – Notification and Training

Upon identifying a Level 1 violation, a Procurement Audit Memo will be sent to the Purchaser, Manager, and Department Head in the form of an email which will outline the transaction in question or nature of the violation.

The Purchaser will be required to provide a thorough explanation to all parties included in the email of the transaction, as well as plan of action or resolution, if applicable. If an action plan is required, the Purchaser must provide all requested documentation by the deadline stated in the audit memo.

The notification will be documented for the Purchaser, as well as for any approvers of the transaction in question, and will be maintained in the centralized tracking system for record-keeping purposes over a rolling 12-month period.

Examples include but are not limited to:

- Incomplete or missing receipts or invoices per the policy.
- Established deadline for submitting documentation missed.
- Late submission of invoices, receipts, or purchase card documentation.
- Failure to properly code transactions, or identify associated purchase orders with invoices.

Consequences:

- Written explanation and recommended remediation plan required.
- Mandatory procurement refresher training specific to transaction violation for purchaser and any approvers of the transaction.
- Remediation complete within timeframe established in the Audit Memo.

Level 2 – Suspension of Procurement Activity

Level 2 violations include repeated or more serious violations that compromise procurement integrity.

Examples include but are not limited to:

- Three (3) Level One Violations within a six-month period
- Making a purchase without a purchase order as required under the policy.

- Failing to document a valid exemption when bypassing competitive purchasing requirements.
- Failing to document HUB (Historically Underutilized Business) requirements.
- Losing a Purchase card twice in a fiscal year
- “Splitting” purchases in order to circumvent procurement Purchase card or procurement policy requirements.

Consequences:

- Written explanation and recommended remediation plan required.
- Mandatory meeting with Department Head, Finance Director, and/or City Manager’s Office.
- Possible temporary suspension of purchasing privileges, including suspension of Purchase card(s).
- Recorded in centralized tracking system (rolling 12-month period).

Level 3 – Serious Violations

Level 3 violations include gross negligence, willful misconduct, or policy abuse requiring formal disciplinary action.

Examples include but are not limited to:

- Intentional circumvention of competitive bidding laws.
- Providing false or misleading procurement documentation.
- Collusion with vendors or conflicts of interest in purchasing decisions.
- More than three (3) Level 2 infractions within a fiscal year.
- Three (3) occurrences of losing purchase card within a fiscal year.

Consequences:

- Written explanation and remediation plan if possible.
- Formal investigation followed by appropriate disciplinary action per the Personnel Policy Handbook including and/or up to termination.

Section 18. Program Definitions

Program Administrator: The Finance Director or designee coordinates the City of Boerne Purchasing Card Policy and is responsible for setting program procedures. The Program Administrator serves as the contact point with the card companies regarding any creation of, or changes to City-level accounts. City-level purchasing programs or accounts require approval from the program administrator prior to implementation. The Program Administrator has

authority to set purchasing limits. The Program Administrator will review the list of positions that are approved for purchase card, purchasing limits, authority for assigning positions authorized, and approval of new purchase card requests regularly for appropriateness, and make recommended changes based on City purchasing needs. The Assistant Finance Director acts as the Finance Director's designee when the Finance Director is unavailable or out of the office.

Account Administrator: The Procurement Coordinator or designee has the ability and authority to administer purchase card portals, including setup and maintenance of individual card accounts. The Account Administrator also has the authority to speak with card vendors regarding account issues. Set-up of new purchase cards, or modification to purchasing limits of existing purchase cards requires written approval by the Program Administrator through a revised Credit Card Request Form that will be filed in the employee's personnel file. The Account Administrator is also responsible for maintaining a listing of active card holders and current spending limits and ensuring that cancellation of cards due to change in employment status or account issues occurs timely. The Account Administrator is also responsible for monitoring progress made by Cardholders in charge disputes, return items, and refunds expected. The Reporting and Compliance Manager acts as the Procurement Coordinator's designee when the Procurement Coordinator is unavailable or out of the office.

Serial or Sequential Purchases (aka "splitting transactions"): purchases made over a period of time of items that in normal purchasing practices would be purchased in one purchase, but were split into multiple transactions in order to circumvent procurement rules, or competitive bidding requirements.

Section 19. References

- Texas Comptroller's HUB Directory
- Texas Municipal Procurement Laws Made Easy (Texas Municipal League)
- State of Texas Purchasing Cooperatives