

# FISCAL ACCOUNTABILITY RULES

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## RULE 8.1 – PROCUREMENT OF GOODS AND SERVICES RELATED TO GOODS

### Purpose

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The Purchasing Division has exclusive authority for the purchase of all goods, equipment, personal property, and services related to goods 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 services related to goods that support the City's activities, are delivered on schedule, and are at competitive prices. This rule establishes the guidelines for the procurement of goods, equipment, personal property and services related to goods for the City and County of Denver.

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, Title 1 – Home Rule, Subtitle B – Charter, Article II – Mayor and Executive Departments, Part 5 – Finance](#)
- [City Charter, Title 1 – Home Rule, Subtitle B – 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](#)
- [Revised Municipal Code – Chapter 28- Human Rights, Article V – Nondiscrimination in City Contracts and Purchase Orders for Covered Goods and Services](#)
- [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](#)

# FISCAL ACCOUNTABILITY RULES

## RULE 8.1 – PROCUREMENT OF GOODS AND SERVICES RELATED TO GOODS, CONTINUED

- [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](#)
- [Executive Order 101 – Diversity and Inclusivity Provisions in City Solicitations](#)

### Definition

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**Change Order** – The process prescribed by the Director of Purchasing to modify an active 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 services related to goods to the City under mutually agreed upon terms and conditions. The MPO can be used by multiple agencies/departments.

**Purchase Order (PO)** – An approved document to a vendor formalizing all the terms and conditions of a proposed transaction, such as a description of the requested items, price, 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 services related to goods.

**Services Related to Goods** – 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.

# FISCAL ACCOUNTABILITY RULES

## RULE 8.1 – PROCUREMENT OF GOODS AND SERVICES RELATED TO GOODS, CONTINUED

### Rule

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#### Core Rules

1. Every agency/department shall utilize the City and County of Denver’s Financial System of Record (SOR) to record financial transactions and financial information.
2. The Director of Purchasing shall evaluate and approve any external system that an agency/department may utilize to perform purchasing functions and that connects to the SOR.
3. City employees shall not split purchases to avoid the maximum limits contained in this Fiscal Accountability Rule (FAR), Charter, or Revised Municipal Code, 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. Agencies/Departments shall not purchase supplies or equipment for personal use, nor shall arrangements be made by the Purchasing Division to create any buyer-seller arrangements for personal use.
6. A City employee shall not use his or her public office or position to purchase goods and/or services for the City and earn reward points for his or her personal use or that of his or her family.
7. A City employee may take advantage of discounts and/or contract rates offered by City vendors for personal purchases, provided these arrangements do not violate the City’s Code of Ethics or sales tax regulations.
8. Any purchase that does not meet the requirements of this FAR requires written authorization by the Director of Purchasing for the payment to be processed.

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### Purchasing Methods

9. The Director of Purchasing shall determine which of the following purchasing methods shall be utilized to initiate a purchase for goods or services related to goods:
  - A. Requisition to Purchase Order (PO) – This is the preferred method to initiate a purchase when terms and conditions are required.
    - i. Every Requisition shall be approved by the Expending Authority of the requisitioning agency/department affirming that the goods and/or Services Related to Goods are necessary and that sufficient unencumbered funds exist to pay for the purchase.
    - ii. A Change Order request shall be submitted to the Purchasing Division when there is a material change to the cost and/or scope of the total cost of the PO beyond the established Payment Tolerance or as required by the Director of Purchasing or his or her designee.
  - B. Credit Card – A corporate liability credit card issued to authorized City employees for the purpose of executing purchase authority as delegated by the Director of Purchasing.
    - i. Procurement Card (PCard) – issued to an authorized employee for routine, low dollar, purchases for goods and services. The Purchasing Division shall manage the PCard contract and program and jointly administer with the Controller’s Office. (Refer to the [PCard Procedure](#)).
    - ii. The PCard may be used for purchases under the following circumstances:
      - a) the total purchase is equal to or less than \$2,000; and,
      - b) the purchase is not a service related to a good, except as allowed and documented in the PCard Allowed Services section of the [Procurement and Receiving Procedure](#); and,
      - c) the purchase is not anticipated to be purchased again in the future or repeated with such frequency that it would be more advantageous to the City to request Purchasing to create a Master Purchase Order (MPO) or other City approved contract; or,
      - d) the Director of Purchasing deems that a PCard is beneficial and/or necessary.

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- C. Travel Card (TCard) – issued to an authorized employee for the purpose of executing travel authority. The TCard is a component of the City’s Travel Program.
    - i. The Purchasing Division shall be responsible for TCard program management.
    - ii. TCards shall only be used to pay for travel activities that comply with FAR 10.8 – Travel.
  - D. Non-PO Voucher – A payment method used when it has been determined that the Requisition to Purchase Order method is not beneficial and/or necessary. (Refer to the [Procurement and Receiving Procedure](#).)
10. The Director of Purchasing 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.
11. Purchases for services and/or goods that require a written, two-party contract shall go through the City Attorney’s Office. Examples include, but are not limited to, construction contracts, personal service agreements, amendments, leases, grants, easements, intergovernmental agreements, and licenses.

### Emergency Purchases

12. Emergency purchases shall require delivery of goods, equipment, personal property, or services related to goods sooner than the normal purchasing process allows, to protect the welfare of the public and employees, or avoid excessive financial burden on the City. 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. When this is not possible, the agency/department shall contact the Purchasing Division the next business day.
  - C. Obtain subsequent ordinance approval as required in the event the purchase of capital equipment is necessary.
  - D. Confirm that emergency purchases consist of only the minimum quantity necessary to address the emergency situation.

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## RULE 8.1 – PROCUREMENT OF GOODS AND SERVICES RELATED TO GOODS, CONTINUED

### Authority and Accountability

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The **Purchasing Division** and the **Controller's Office** are responsible for this Fiscal Accountability Rule any procedures, guides, forms, and one-page summaries associated with this rule.