

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

Adopted Date: 11/01/2010  
Revised Date: 09/22/2014

### 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 (city). 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 [Credit Card Procedures](#), 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](#)

Unless otherwise specified at the beginning of the document, printed copies are UNCONTROLLED. Always refer to the online Fiscal Accountability Rules on City and County of Denver website prior to use to ensure you are using the most current copy.

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

## DEFINITIONS

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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 departments/agencies.

**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 department/agency 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.

## RULES

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### Core Rules

1. Every department/agency 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 a department/agency 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. Departments/Agencies 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.

## 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.
    - a. Every Requisition shall be approved by the Expending Authority of the requisitioning department/agency affirming that the goods and/or Services Related to Goods are necessary and that sufficient unencumbered funds exist to pay for the purchase.
    - b. 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.
    - a. 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 [Credit Card Procedures](#)).



possible, the department/agency 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.

## AUTHORITY AND ACCOUNTABILITY

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The **Purchasing Division** and the **Controller's Office** are responsible for this fiscal accountability rule and any procedures, guides, job aids, forms, and one-page summaries associated with this rule.