

APPROVED \_\_\_\_\_



## **UNAUTHORIZED PURCHASES**

### **I. GENERAL**

The Borough, to the maximum extent possible, shall preclude the occurrence of Unauthorized Purchases.

### **II. PURPOSE**

This policy establishes a uniform process for handling Unauthorized Purchases.

### **III. RESPONSIBILITY**

- A. Department directors shall ensure that their department staff follows the procedures set forth in this policy.
- B. Human Resources shall maintain this policy.
- C. Compliance is the responsibility of each Borough employee.

### **IV. POLICY**

- A. Unauthorized Purchases include, but are not limited to:
  - 1. An agreement, commitment, or order for goods or services, prior to the processing, encumbrance and approval of a purchase requisition. This applies to purchase orders and blanket purchase orders;
  - 2. Placement of an order after submitting the requisition for budget and purchasing approval and processing on the assumption that the PO has been or will be approved. This applies to purchase orders and blanket purchase orders;
  - 3. Requesting or coercing a vendor to initiate an order on the promise that a PO will be forthcoming. This applies to purchase orders and blanket purchase orders;
  - 4. Initiating or completing a purchase without having obtained the required departments or Purchasing Division involvement (if required) to secure competition, approve brand name and/or sole source determination or otherwise comply with Title 16. This applies to purchase orders and blanket purchase orders;
  - 5. Segmenting a requirement for goods or services in order to avoid competitive requirements. This applies to purchase orders and blanket purchase orders;

6. Use of a purchase order or blanket purchase order for purchases over and above the stated dollar limits per unit and extended prices.
  7. Execution of a purchase by an individual who does not have the authority to enter into an agreement on behalf of the Borough;
  8. The purchase of goods or services which are intended for personal use;
  9. Use of a blanket purchase order by a person who is not listed as an "Authorized Purchaser" on the BPO;
  10. Using an Advanced Purchase Order Number (obtained from the Purchasing Division) to place an order, and subsequently paying for the order with an established Blanket Purchase Order;
  11. Other actions contrary to Title 16, purchasing policy and procedures.
- B. An Unauthorized Purchase may be approved by the Chief Procurement Officer when:
1. Goods or services have been provided to and accepted by the Borough;
  2. The Borough has otherwise obtained or will obtain benefit resulting from performance of the unauthorized purchase commitment;
  3. The Chief Procurement Officer determines the price to be fair and reasonable;
  4. The Chief Procurement Officer recommends payment.
- C. Although procedures are provided within this policy to process an Unauthorized Purchase if necessary, these procedures may not be used in a manner that encourages such commitments being made by Borough staff.
- D. Unauthorized purchases over \$100 must be explained in writing and approved by the Chief Procurement Officer.
- E. A violation of this policy may be cause for disciplinary action and/or restriction of purchasing authority of responsible persons regardless of whether the Unauthorized Purchase is approved by the Chief Procurement Officer.

## V. PROCEDURES

- A. If a Borough employee executes an Unauthorized Purchase, that individual is required to submit in a timely manner to the Chief Procurement Officer:
1. A written statement from the individual, through their Director, relating the pertinent facts and issues, including dollar value, of the unauthorized transaction and the reason for failure to use approved procurement procedures.

- B. A purchase requisition for an Unauthorized Purchase will not be approved by the Purchasing Division until a memo is received from the requesting department and approved by the Chief Procurement Officer.
- C. In the event the Chief Procurement Officer determines that a Borough employee is to be held financially liable for any unauthorized purchase, the Chief Procurement Officer, in cooperation with the HR and Legal Departments, will notify the individual of any indebtedness and prescribe the means of handling payment for goods or services. The Chief Procurement Officer will forward a copy of the final determination to the Financial Services and HR Departments to preclude payment by the Borough, if necessary.

VI. SUPPLEMENTAL INFORMATION

A. References –

- 1. FNSB Title 16
- 2. Blanket Purchase Order Policy
- 3. Small Dollar Purchase Policy

B. Definitions –

- 1. Chief Procurement Officer--the Borough's principal purchasing official; The Director of General Services serves as the Chief Procurement Officer for the Borough.
- 2. Segmentation of an Order--artificially dividing requirements for goods and services to avoid the required procurement process.
- 3. Unauthorized Purchase—A purchase not made in compliance with Title 16 and/or purchasing policies and procedures or made by a person who does not have the authority to enter into an agreement on behalf of the Borough;