

**RESOLUTION NO. 701**

**A RESOLUTION AMENDING THE CITY'S PURCHASING  
MANUAL TO ALLOW THE LIMITED PURCHASE ORDER SYSTEM**

WHEREAS, the city staff has prepared a report on the above captioned subject which is attached hereto as Exhibit "A"; and

WHEREAS, the City Council has duly considered the subject and the recommendation(s) contained in the staff report; and

WHEREAS, interested parties, if any, have had an opportunity to be heard on the subject.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Wilsonville does hereby adopt the staff report attached hereto as Exhibit "A" with the recommendation(s) contained therein and further instructs that action appropriate to the recommendation(s) be taken.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 6th day of February, 1989, and filed with the Wilsonville City Recorder this same date.



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JOHN M. LUDLOW, Mayor

ATTEST:

*Vera A. Rojas*

VERA A. ROJAS, City Recorder

SUMMARY of Votes:

Mayor Ludlow	<u>AYE</u>
Councilor Stark	<u>AYE</u>
Councilor Clarke	<u>AYE</u>
Councilor Edwards	<u>AYE</u>
Councilor Chandler	<u>ABSENT</u>

CIT

OF

*Wilsonville*

30000 S.W. Town Center Loop E. • P.O. Box 220 • 503-682-1011

Wilsonville, Oregon 97070

**"EXHIBIT A"**

**TO: HONORABLE MAYOR AND CITY COUNCIL**  
**FROM: RAY SHORTEN, FINANCE DIRECTOR**  
**DATE: FEBRUARY 1, 1989**  
**RE: REVISION OF CITY'S PURCHASING PROCEDURE TO  
ACCOMMODATE THE ADDITION OF A LIMITED PURCHASE  
ORDER SYSTEM.**

In order to free up some Finance department staff time and to provide a little more flexibility in the other City departments smaller purchases, I am proposing the implementation of a Limited Purchase Order System. This process would be handled as described in the attached documentation. After reviewing our current purchasing process which was implemented in 1983, I believe this to be a logical and cost effective revision.

**RECOMMENDATION:**

Approve the concept and use of a Limited Purchase Order process as proposed, with a revised and updated purchasing manual to be completed and brought back to Council for their formal approval at a later date.

**LIMITED PURCHASE ORDERS**

We have calculated that approximately 75% of all purchase requisitions received by the Finance Department to issue and type purchase orders are less than \$400.00. Of the total p.o.'s received 36% are less than \$100.00. We hope that by introducing a limited purchase order system, as used by many other local governments, we can reduce the paper shuffle for the Finance Department as well as the requisitioning departments.

Each department would be issued book(s) of sequentially numbered 4 part purchase orders. It will be printed on the p.o. that these p.o.'s are only to be used on purchases less than \$400. Each department will be responsible for these books and the numbers will be tracked through the Finance Dept.

When a department wishes to make a purchase of less than \$400 they will directly issue the p.o. to the vendor when they place an order or purchase materials. Each p.o. will consist of 4 copies and will be distributed as follows:

- #1 - Issued/Given to the vendor - hand written orders are fine  
be sure they are legible
- #2 - Sent to Finance immediately when order is placed
- #3 - Sent to Finance when all materials are received along with any packing slips or invoices (its extremely important that these papers do not sit on your desks or in your vehicle and become lost/destroyed. In many cases, this is our only way we know to pay a bill until the angry vendor gives us a call reminding us of an unpaid balance)
- #4 - Kept in the p.o. book can be used for future reference by the ordering department.

Please return the 2nd copy of any "voided" p.o. to the Finance Dept.

This procedure will eliminate the need to contact Finance when p.o.'s of less than \$400 are needed. It does place the responsibility on each department to follow good purchasing practices, especially being aware that when choosing vendors to furnish products, it will be the authorizing (the person who signs the p.o.) department's concern to obtain the "best buy" for the money spent. These smaller purchases will add up quickly, and it will still be each departments responsibility to manage their budgets. It will be very important that all merchandise ordered/received is on the purchase order as well as all necessary vendor information so payments may be made in a timely fashion.

**LIMITED PURCHASE ORDERS SHOULD NOT BE USED WHEN PURCHASING:**

- a. printed forms/printing in general
- b. office supplies which can be purchased through Boise Cascade
- c. anything already on a monthly purchase order - True Value, film at Kaegi's etc
- d. expense reports

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finance procedure for LPO's

2nd copy of p.o. -- rec'd by Finance - Etta will hold on spindle  
numerical order/by departments

If invoice for the p.o. is rec'd prior to copy #3 - Etta will  
clip invoice to #2 on spindle

3rd copy rec'd by finance along with the invoice - They will be  
matched up with Copy #2 (which will be removed from pending  
spindle) and a pay authorization completed with #3 and invoice  
attached - entered into computer to be paid. Copy #2 will be  
stamped "Pay Authorization(date)" and filed on another spindle in  
numerical order/ by department.

When preparing the monthly report - all pay authorizations are  
put on computer for payment - we will tally the outstanding LPO's  
by department and write a "fake" p.o. for each department showing  
all line items and amount to encumber and, enter on computer.  
Immediately following the running of the report the "fake" p.o.'s  
will be deleted and the encumbrance will be reduced

Once or twice annually we will need to reconcile the p.o.'s  
received with each departments assigned books.

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