


Presentation to Council, January 23, 2017

# Borough Purchasing

## Process and Internal Controls

Throughout this presentation,  
this symbol  denotes an internal control.



# Purchasing Laws



The goal of this presentation is to explain the internal controls when an item is purchased. There are additional controls embedded in the purchasing software and other steps the Qualified Purchasing Agent manages to confirm that NJ purchasing laws are being followed.

**New Jersey**  
**Local Public Contracts Law**  
**and Regulation**  
**Reference Manual**  
**With Related and Supporting Information**

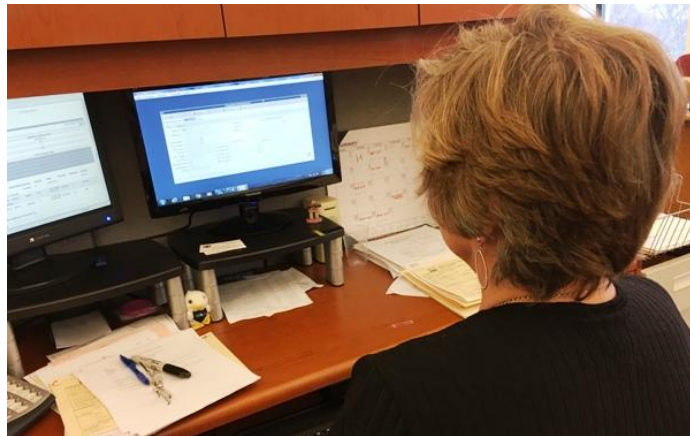
**N.J.S.A. 40A:11-1 et seq. and**  
**N.J.A.C. 5:34**

*Current as of April 1, 2014.*

# Step 1: Requisition

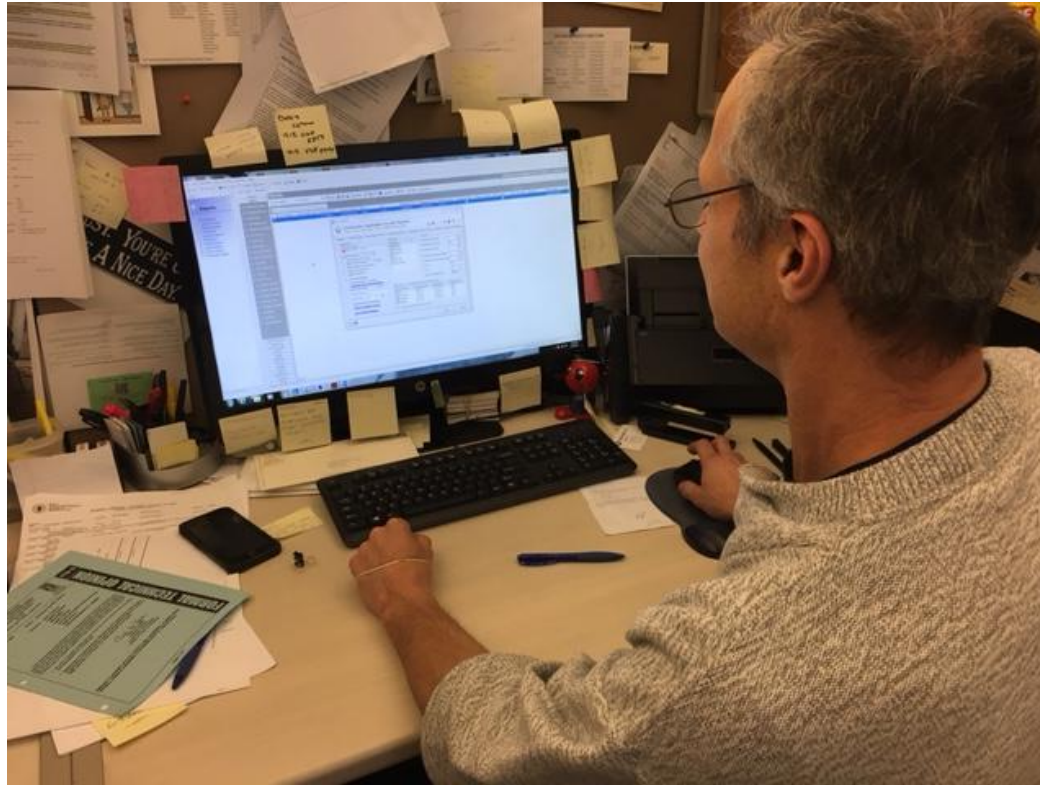
## Requisition (request to purchase)

- Staff person gets quote(s).
- Inputs information into Edmunds including which budget line is being charged.



There must be available funds in budget line or system will NOT let you proceed. If purchase is from a trust, the CFO approves the requisition.

# Step 2: Req Approval

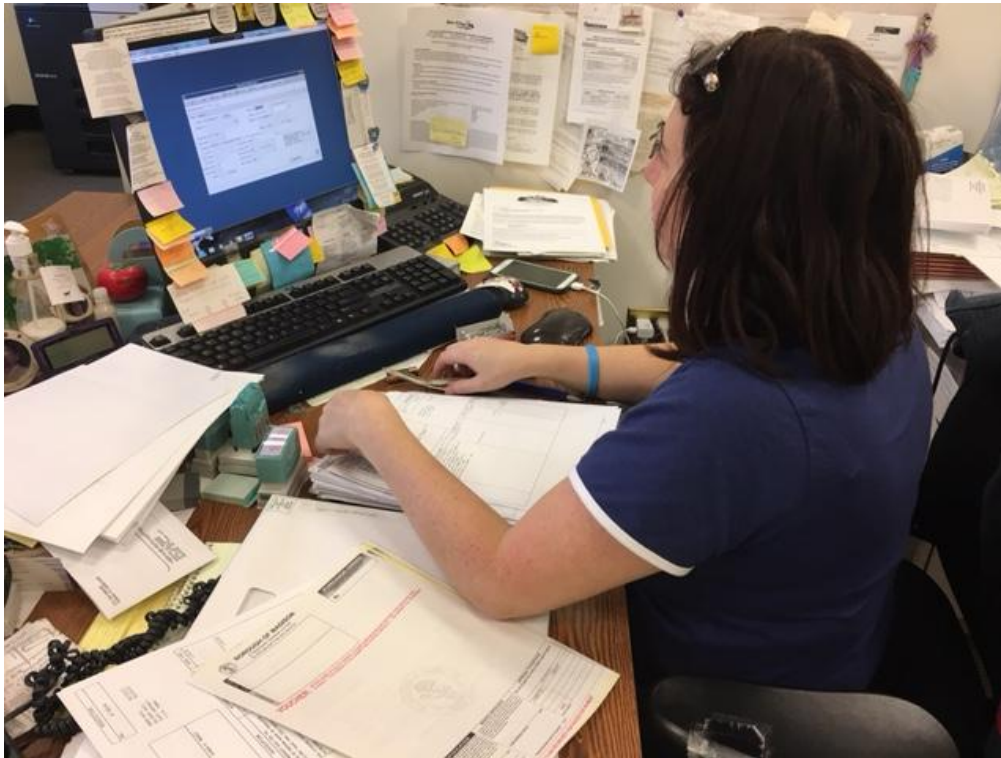


Department Head / Supervisor goes into Edmunds and second approves requisition.

# Step 3: Create PO



Purchasing Department takes requisition, reviews it, and if it looks ok, creates a purchase order (PO).





# Step 4: Approval of PO

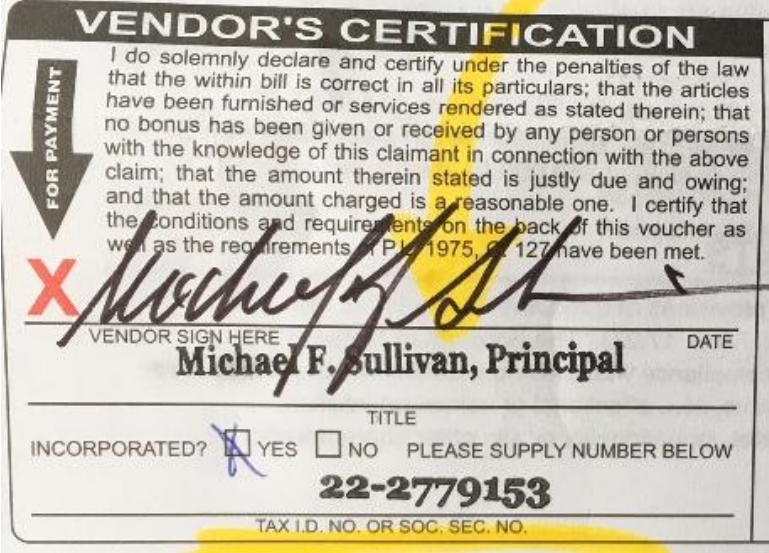


Administrator reviews every purchase order (Ray gets stacks of them) and either approves or asks questions.



# Step 5: Vendor Approval

The Purchasing Department sends the PO to the vendor for review and approval.



**VENDOR'S CERTIFICATION**

FOR PAYMENT ↓

I do solemnly declare and certify under the penalties of the law that the within bill is correct in all its particulars; that the articles have been furnished or services rendered as stated therein; that no bonus has been given or received by any person or persons with the knowledge of this claimant in connection with the above claim; that the amount therein stated is justly due and owing; and that the amount charged is a reasonable one. I certify that the conditions and requirements on the back of this voucher as well as the requirements of P.L. 1975, C. 127 have been met.

**X** *Michael F. Sullivan*

VENDOR SIGN HERE DATE

**Michael F. Sullivan, Principal**

TITLE

INCORPORATED?  YES  NO PLEASE SUPPLY NUMBER BELOW

**22-2779153**

TAX I.D. NO. OR SOC. SEC. NO.

The PO is a contract, with terms and conditions for payment, delivery, etc. Once signed, the vendor is certifying to these terms.



## Step 6: Municipal Cert.

Once the goods or services have been received, the staff person receiving the goods signs the PO to certify that they are in good order and satisfactory.





# Step 7: Payable Proof



The purchase order and documentation are checked to make sure we are only being charged for items on the original PO that the vendor certified and Administration approved.

(insert picture here)



# Step 8: Council Approval



The final step is review and approval of all payments by Council.

In the past this has been done by a cumbersome manual voucher register process.

We are asking to shift from a register to a bill list with every Council member reviewing and approving the list.

# Time Savings



Shifting over to a Bill List format will save approximately 5 hours a week of staff time.



This time would be dedicated to other internal control functions.

# Summary

There are 8 internal control steps in the purchasing process.



1. Confirming \$\$ is available.



2. Department Head Approval of Requisition.



3. Purchasing Department reviews Requisition.



4. Administrator Sign Off on PO.



5. Vendor Certification with Terms and Conditions of PO.



6. Municipal Certification.



7. Accounts Payable proofs bill.

8. Council voucher register / bill list approval.