

RE: INTERNAL CONTROL POLICY:

#201

ORIGINAL DATE: 12/17/1991

APPROVED BY: Board of Trustees Resolution

REVISION DATES: 01/12/93, 01/11/94, 01/09/96, 01/28/97, 01/27/98, 01/25/2000, 01/8/02, 01/13/04, 01/27/04, 04/05/06, 03/6/07, 02/13/08, 01/12/10, 01/11/11, 12/13/11, 11/12/13, 11/12/14, 11/10/15, 11/09/16, 11/14/17, 11/13/18, 10/22/19; 12/14/21

MOST RECENT ADOPTION DATE: 02/20/2026

1. Purpose

1.1 This procurement and internal control procedure policy (the “Policy”) is adopted pursuant to New York State General Municipal Law (“GML”) §104-b, to establish guidelines for purchasing goods and services for the Village in order to document the purchasing and internal control practices of the Village and to identify the roles and responsibilities of the individuals involved in purchasing. In accordance with GML § 104-b(4), this Policy shall be reviewed by the Scarsdale Board of Trustees (the “Board”) on an annual basis.

1.2 For the purpose of this Policy, the term “Village Manager” refers to the Village Manager as appointed by the Board of Trustees or such other designee authorized by the Village Manager to act on their behalf. The Village Manager’s designation of a designee shall be made in writing, with a copy to the Mayor, Village Treasurer and Village Attorney, and is subject to revocation at time for any reason, and must describe the limitations of the designee’s authority, if any. The designee shall familiarize themselves with this Policy and is responsible for adherence to the requirements of this Policy.

1.3 For the purpose of this Policy, the term “Contract Administrator” shall be the employee designated by the Village Manager to serve as coordinator and control figure for contracts issued pursuant to GML §103 “bidding thresholds” pertaining to competitive sealed bids.

1.4 Pursuant to GML § 104-b(2)(f), the Mayor, Village Manager, Treasurer, and department heads are the only individuals responsible for the procurement of goods and services. The Village Manager shall provide the Village Treasurer with a list of the names and titles of the individual(s) responsible for the procurement of goods and services; such information is to be updated every two-years. Department heads may delegate their responsibility for the procurement of goods and services to qualified members of their teams, provided the Village Manager consents to such delegation in writing and further provided that department heads shall remain ultimately responsible for any purchases by their designees.

1.5 Pursuant to Scarsdale Village Code (“Village Code”) §§ 57-6(F) and (G), the Village Manager has been delegated the authority to oversee the letting of contracts pursuant to GML 103, when so required, and to execute contracts in the name of the Village when so authorized pursuant to this Policy or via-Board approval, when so required.

2. Policy

2.1 A purchase order and prior approval shall be required for all purchases of goods and services of \$5,000 or more pursuant to §2.4A and B and §2.5 of this policy.

2.2 Each Village department head shall designate a departmental purchasing coordinator and one alternate to process its purchase orders and request for payments.

2.3 Emergency purchases will be made in accordance with GML §103 (4).

2.4 The following guidelines shall be adhered to with respect to purchasing limits:

- A. Materials, supplies, equipment, apparatus and services, labor, construction as required for purchase and public works contracts respectively per NYS statutes:

AMOUNT	TYPE	REQUIRED	APPROVAL
Under \$999	Any	Confirming/0 Quotes	Department Head
\$1,000/ \$4,999	Any	2 Quotes (Written)	Department Head
\$5,000/ \$19,999	Any	3 Quotes (Written)	Village Manager
\$20,000/ more	Purchase (materials, supplies, equipment, etc.)	Competitive Bids / Best Value	Village Board
Under \$100,000	Purchase (materials, supplies, equipment, etc.)	OGS/County/Piggybacking	Village Manager
\$100,000/more	Purchase (materials, supplies, equipment, etc.)	OGS/County/Piggybacking	Village Board
\$20,000/\$34,999	Public Works (labor and materials)	3 Quotes (Written)	Village Manager
\$35,000/ more	Public Works (labor and materials)	Competitive Bids	Village Board

- B. Professional Services agreements in accordance with § 3.12 of this policy.

2.5 Purchases made through contracts awarded by New York State (*see* GML §104), any NYS County, (*see* GML § 103(3) and NYS County Law § 408-a(2)) and through the Scarsdale School District or Southern Westchester BOCES (*see* § 2.6 of this Policy), or any other

contract issued by a governmental agency in accordance with state statute (*see* GML § 103(16) and § 2.6 of this Policy), shall not be subject to the quotes or competitive requirements of §2.4 above but shall be subject to the approval requirements of such section. Purchases of operating budget items made through these contracts must be approved by the Village Manager. *See also* §§ 2.6 and 3.7 of this Policy for additional requirements.

2.6 “Piggybacking”: Pursuant to GML § 103(16), purchases of apparatus, materials, equipment or supplies, or to contract for services related to the installation, maintenance or repair of apparatus, materials, equipment, and supplies may be made by “piggybacking” on contracts let by the United States of America or any agency thereof, any state or any other political subdivision or district therein if such contract was let to the lowest responsible bidder or on the basis of best value in a manner consistent with GML § 103 and made available for use by other governmental entities. “Piggybacking” on a contract is not permitted for contracts necessary for the completion of a public works contract. “Piggybacking” on a contract shall be subject to the approval provisions of § 2.4 of this Policy and provided that appropriations have already been made for such expenditure.

2.7 “Best Value” Procurement: Purchases based upon Best Value shall be permitted in accordance with Chapter 19 of the Village Code. The best value standard may only be used for purchase contracts, which includes contracts for service work, but excludes any purchase contracts necessary for the completion of a public works contract pursuant to Article 8 of the New York State Labor Law. Best value is defined as a basis for awarding contracts which optimizes quality, cost and efficiency, among responsive and responsible offers (*see* NYS Finance Law § 163). Best value may also be utilized for purchase contracts and some service contract when “piggybacking” on other eligible contracts pursuant to GML § 103(16). A request to utilize the best value standard in awarding a contract shall be accompanied by a statement explaining how the award is expected to result in savings for the Village over time, such as, but not limited to, price discount(s), reliability, efficiency, difficulty/ease of maintenance, useful lifespan, ability to meet needs regarding timeliness of performance, and experience of service provider with similar contracts, and whenever possible, include an objective and quantifiable analysis. If the purchase made upon the basis of best value exceeds the competitive bidding thresholds set forth in GML § 103(1) (i.e., more than \$20,000) then approval from the Board of Trustees is required, except when piggybacking on a contract awarded based upon best value and the expenditure is less than \$100,000, and provided appropriations have already been made for such expenditure.

2.8 Purchase orders issued for the same or equivalent product(s) cannot be split in order to avoid the dollar thresholds established in §2.4A or GML § 103. When it is known or can be reasonably expected that the aggregate amount to be spent on purchases of the same commodity, or the same type of public work, will exceed the dollar thresholds over the course of a fiscal year, competitive bidding or the use of New York State, Westchester County, Scarsdale School District, Southern Westchester BOCES or other Cooperative Purchasing Agreements/Contracts is required. The Village Treasurer shall monitor purchase orders during

any fiscal year and report any split purchases to the Village Manager.

2.9 Purchases approved by department heads may be issued for amounts not to exceed \$999 and in situations where requirements contracts have been awarded to vendors for supplies and materials routinely purchased by one or more departments. Amounts from \$1,000 to (but not including) \$5,000 must have two quotes attached pursuant to §2.4.

2.10 Contracts approved pursuant to § 2.4 A and B of this policy can be awarded on a unit price basis or a lump-sum price basis. Contracts approved on a unit price basis will contain an estimate of the total dollars to be expended which will be used to determine whether quotations or competitive bids are required and whether the contract must be approved by the Village Board or the Village Manager.

2.11 Change Orders:

A. Increases in estimated contract amounts, awarded contract amounts or the aggregate amounts of change orders must be approved by the Village Board when the following limits are exceeded:

Contract Amount	Change Order/Increases (aggregate)
For contracts less than \$100,000.....	\$10,000 limit
For contracts greater than \$100,000.....	20% of the contract amount, not to exceed \$100,000

B. For contracts greater than \$500,000, the Village Manager shall report periodically to the Village Board of Trustees, all approved change orders up to the 20% or \$100,000 threshold at which point all change orders must be approved by the Village Board.

2.12 In order to comply with terms calling for timely remittances to vendors upon the delivery of materials or supplies or the rendering of services to the Village for the conduct of its affairs, payments for items such as utilities, postage or other items requiring payment prior to the next Board of Trustees audit, may be made in advance of a Board of Trustees audit, provided such payments are duly approved by a department head, the Village Manager and the Village Treasurer. Such payments made in advance of a Board of Trustees audit shall be presented monthly to the Board of Trustees for ratification. Each department shall take advantage of discounts where available and process those payments in a timely manner to ensure compliance with vendor terms.

2.13 Standardization: Pursuant to GML §103(5), upon the adoption of a resolution by a vote of at least three-fifths of all the members of the Village Board stating that, for reasons of efficiency or economy, there is need for standardization, purchase contracts for a particular type or kind of equipment, material, supplies or services. Such resolution shall contain a full explanation of the reasons for its adoption. The reasons for standardization must be factual, cannot specify more than one make or brand, and cannot be based upon opinions or preferences.

Standardization contracts and any solicitations for bids or proposals shall expressly state the particular make, model, or brand of such equipment, materials, supplies, or services sought. Any bids or proposals which do not conform with the particular sought equipment, materials, supplies, or services shall be rejected for non-responsiveness. When a standardization contract is sought in excess of the monetary threshold fixed for purchase contracts under GML §103(1) (i.e., \$20,000), the standardization contract shall be awarded to the lowest responsible bidder or responsible in the manner provided in GML §103(1). Only a simple majority vote by the Village Board is needed to rescind a standardization resolution.

2.14 Contracts that have been approved by the Board of Trustees and contain option clauses or extensions to renew on the part of the Village require prior approval of the Village Board by resolution for the exercise of such option or extension, except in situations in which the contract language or resolution authorizing the execution of the original contract permits the Village Manager to approve said option clauses or extensions.

2.15 When making purchases for goods and services, staff should consider environmentally sustainable options where practical, appropriate, and cost effective.

3. **Procedure**

3.1 Initiating a Purchase Using a Purchase Order: A purchase order/ shall be initiated by the purchasing coordinator at the departmental level by inputting the details of the purchase order into the computerized purchasing system. The system will alert the purchasing coordinator as to the availability of funds. All overrides must be approved by the department head and Village Treasurer before proceeding. Details of the purchase must include the vendor's name and address, the description of the item(s) being purchased, the quantity, unit price and total price, delivery instructions, and a properly structured budget account code. Information such as the number of quotes, the amounts quoted, and those vendors who quoted must be entered in accordance with this policy. Additional information may be requested by the Village Manager.

3.2 Approval of Purchase: Once the purchase order is entered, the item is Validated and Approved by the person entering the item into the computer system. The system will route the Purchase Order to the required approval levels – i.e., Department Head, Village Manager and Village Treasurer. Once the Purchase Order is fully approved, the Village Treasurer or designee will post the Purchase Order. At this point, the Purchase Order can be printed or emailed to the vendor. The approvals, including any comments, are maintained in the system history and the face of the printer Purchase Order will have names and dates of approvals.

3.3 When the supplies and materials or services are received; and a vendor invoice is in hand, payment to the vendor can be requested. Each department will enter items in an invoice entry batch, by vendor invoice, attaching the original vendor's invoice and a signed delivery ticket, packing slip or equivalent. The Invoice entry batch, when complete will be validated and

approved by the person entering into the computer system and the computer system will route the batch for approval to the Department head(s) and Village Treasurer.

3.4 Processing Payment: The Village Treasurer will ensure that the math is accurate, that the attachments are in order and that the proper signatures are in place. The Village Treasurer will approve each invoice electronically. An abstract of claims will be prepared by the Village Treasurer for each meeting of the Board of Trustees. detail of all items to be paid will be provided electronically, with supporting documentation, to a designated member of the Board of Trustees for audit prior to the Village Board Meeting. Upon approval by the Board of Trustees, such claims will be paid by the Village Treasurer.

3.5 Emergency Purchases: Pursuant to GML § 103(4), emergency purchases are exempt from the competitive bidding requirements of GML § 103(1). An emergency arises out of an accident or other unforeseen occurrence or condition whereby circumstances affecting public buildings, public property or the life, health, safety or property of the Village's inhabitants require immediate action and cannot wait. Emergency purchases will conform to the approvals cited in § 2.4 of this policy which require the approvals as provided in § 2.4 (A) of this policy. In addition, the words "Emergency Purchase" and the reason for such must be shown on the purchase order or on an attached memorandum and approved by the Village Manager or designee. If the emergency purchase exceeds statutory bid limits of GML § 103(1), a resolution authorizing the emergency purchase must be prepared by the department for approval or ratification by the Village Board. If the emergency purchase exceeds the statutory bid limits of GML § 103(1) and must be made prior to Village Board approval for any reason (i.e., ratified), the Village Manager is empowered to make such emergency purchase provided the Mayor gives prior authorization for such purchase.

3.6 A "blanket purchase order" may be issued to those merchants from whom repetitive purchases of inexpensive items are made, provided the total amount of the blanket purchase order does not exceed budget appropriations and the annual amount of dollars of purchases does not exceed the threshold for competitive bid requirements under the General Municipal Law. One purchase order is issued to cover all purchases made in a given time period. The department will maintain all receipts of purchases made under a blanket purchase order and process a claim form itemizing all purchases made during a billing period. At the end of the billing period, the department will compare the claim form and summary invoice furnished by the vendor, verify the receipt of goods or services, resolve any differences, and process the claim for payment. Department heads will be required to justify the need to use blanket purchase orders through periodic examination by the Village Manager of the department's purchasing record with a particular vendor. There may be certain payments which do not require the processing of a numbered purchase order. These include, for example, payment for utilities, petty cash items, such as subscriptions, conference registrations, and certain reimbursement expenses. In these cases, a blank claim form should be used.

3.7 State, County, and other applicable "piggyback" contracts: Department heads are encouraged to take advantage of New York State and NYS county contracts, "piggybacking"

contracts and any Cooperative Purchasing Agreements provided for by state statute whenever possible.

- The department head recommending the use of any “piggybacking” contract is responsible for verifying that the underlying contract was let and awarded in a manner consistent with NYS competitive bidding and is encouraged to consult the Village Attorney with any questions. Three prerequisites must be satisfied to utilize a “piggybacking” contract: (1) the underlying contract must have been let by the United State or any agency thereof, any state or any other political subdivision or district therein; (2) the underlying contract must have been expressly made available for use by other governmental entities; and (3) the underlying contract must have been let to the lowest responsible bidder or on the basis of best value in a manner consistent with GML § 103.
- Purchase orders issued through OGS contracts, county contracts, Cooperative Purchasing Agreements or via “piggybacking”, must include (1) the group number and the contract number (or other identifying characteristic), (2) expiration date of the quote and underlying contract on the face of the purchase order, (3) a copy of the underlying contract, and (4) award documentation (e.g., underlying award resolution, bid/offer scoring sheet, etc.). The aforementioned must be kept on file, including a copy of the Village’s purchase order and/or contract with the contractor/vendor, for six (6) years after contract termination in accordance per LGS-1.
- The latest New York State, county, and ”piggyback” contract information is available on the internet or through contacting the appropriate government agency. Each department is urged to evaluate its needs for the fiscal year so that the cost savings of New York State, NYS county, and “piggyback” contracts can be maximized.

3.8 Requirement Contracts: Annual contracts may be issued to vendors for supplies, equipment, and services routinely required by one or more departments. Requirement contracts shall be subject to the approval standards of § 2.4 above and the monetary thresholds of GML § 103(1). Requirement contracts shall consider the annual aggregate amount reasonably expected to spent on the same, similar or essentially interchangeable commodities, services or technology for determining compliance with § 2.4 above and GML § 103(1). Such contracts protect pricing for a specified period of time and allow departments to make confirmation purchases from the vendor. Upon awarding a requirements contract, the department(s) will be given a listing of the prices and the items that may be purchased. Such contracts should be uploaded to the Village’s procurement and purchasing system under the appropriate document location. The use of multi-year piggybacking or OGS contracts are encouraged for requirement contracts when the aggregate annual amount expected to be spent on the same, similar or essentially interchangeable commodities, services or technology would exceed the statutory bid thresholds set forth under GML § 103(1).

3.9 Advertising for Bids:

A. Sufficient amount of time must be provided from the advertisement date to the

awarding of the contract for all competitively bid contracts. It is to the Village's advantage to provide for a greater period of time and is preferred in situations requiring excessively detailed bid specifications. The department initiating a bid specification must verify that there are sufficient unencumbered funds to award and complete the proposed contract; obtain a contract number from the contract administrator; and develop preliminary specifications for the contract. The department may also prepare a newspaper advertisement (Advertisement of Bid) for signature by the Village Manager. The completed package, including a list of potential bidders, must be submitted to the Village Manager in advance of the proposed contract advertisement date. The department initiating the contract may contact potential bidders approximately halfway through the bidding period and complete the bidder notification form in an attempt to determine the number of bidders who are considering submitting a bid and whether additional measures might be necessary to encourage more bids. When the bids are opened, the department head should make a written recommendation concerning the awarding of the contract and deliver such recommendation to the Village Manager, with a copy to the Contract Administrator. In the event that a department head does not recommend awarding a contract to the lowest bidder, a memorandum with supporting documentation describing the reason(s) that the department head believes that a particular bidder is "not responsible," must be prepared and forwarded to the Village Manager. Examples of reasons which would cause a negative recommendation include, but are not limited to: non-compliance with the specifications; a criminal conviction or indictment of the bidder; an inadequate list of references; or, a previous history of unsatisfactory performance. In the event that a sole bid or no bids are received, the department head may contact the prospective bidders in receipt of the contract bid specifications to inquire as to the reason (s) for not submitting a bid.

B. The Contract Administrator shall issue all contract numbers. The appropriate department head shall prepare and distribute the bid documents to potential bidders. The Village Treasurer or designee shall attend the bid opening and record the bids. The department head shall prepare the resolution for the Village Board agenda and submit it to the Village Manager by noon on the Wednesday preceding the next regularly scheduled Village Board meeting; notify all bidders of contract award; prepare and handle all paper work necessary to execute the contract; return all bid deposits of the unsuccessful bidders upon execution of the contract; and, return the bid deposit of the successful bidder after the completion of all work to the satisfaction of the Village.

3.10 Maintenance Agreements: The Village has service agreements with manufacturers and authorized service centers for most of its office machines and equipment such as typewriters, copiers, computers, and dictation equipment. It is the duty of each department head to inform the Village Manager's Office of the need to procure or cancel any existing maintenance agreement for Village equipment. Each department is responsible for monitoring any required repair or service of equipment covered under a maintenance agreement.

3.11 Receiving and Inspection of Purchased Goods: When any supplies, materials or equipment items are delivered to the Village, the department placing the order is responsible for

inspecting the goods and signing the delivery ticket or packing slip and initiating the payment process. Whenever possible, all items are to be inspected upon receipt in the presence of the vendor or shipper. Delivery tickets or packing slips with the signature of the person acknowledging the receipt of the goods must be attached to all invoices submitted for payment. Inspections of materials should include: verification of the correct delivery site; verification of the correct items and quantities ordered and a check for damaged or defective goods. When incomplete deliveries are received, the department should immediately call the vendor to verify whether the item(s) are on back-order or whether there has been a mistake in shipment. Department heads should not authorize payment approval for partial orders.

3.12 Professional Service Agreements: All professional service contracts are to be issued pursuant to this Policy and §57.6 of the Village Code. It may not always be in the best interests of the Village to solicit alternative proposals or quotations for certain professional services such as legal counsel, consulting services, or insurance coverages. In circumstances where the cost of professional services is estimated to exceed \$30,000 in a fiscal year, a Request for Proposal process may be conducted which will give the Village the latitude to emphasize a firm's or individual's expertise, training and experience and not limit the determination of a contract award to costs. Pursuant to §57.6(G) of the Village Code, the Village Manager may enter into professional service agreements less than \$30,000 without Board approval, provided that appropriations have already been made for such contract and the Village Manager shall notify the Board of all professional service contracts greater than \$30,000 on a scheduled basis. All professional service contracts equal to or greater than \$30,000 in aggregate value shall be approved by the Board in each instance.

3.13 Sole Source: Competitive bidding is not required when a good or service is available from only one possible source, for which there is no equivalent. In making a determination that particular goods or services are available from only one source, the Village department head requisitioning the procurement shall document in writing that the unique benefits of the item are in the public interest; that no other item provides substantially equivalent or similar benefits; and that, considering the benefits received, the cost of the item is reasonable, when compared to other products or services in the marketplace. In addition, the Village department head shall, if feasible, document, as a matter of fact, that there is no possibility of competition for the procurement. The sole source exemption to competitive bidding may not be utilized because it is anticipated that only one bid will be submitted.

3.14 When initiating purchases of up to \$5,000, an invoice” may be used to request payment. Department heads may order goods and/or services up to \$5,000 subject to §2.4 of this policy. The Departmental purchasing coordinator will enter the information (vendor #, invoice data, amount of purchase, general ledger account number, etc.) into the computerized purchasing system. The Department Heads will approve all requests for payment entered in Invoice Entry batches.

3.15 Pursuant to GML § 109, a clause shall be inserted in all specifications or contracts prohibiting any contractor, to whom any contract is let, granted, or awarded, from assigning, transferring, conveying, subletting or otherwise disposing of same, or of their right, title, or interest therein, or of their power to execute such contract, to any other person or corporation without the previous written consent of the Board. Any such unauthorized assignments shall be voided in accordance with GML § 109(2).