

## 4. PURCHASING

### PURPOSE

To optimize the value received for Town expenditures, to ensure that goods and services are obtained at the lowest price, to assure compliance with all applicable federal, state, and local procurement laws, rules, and regulations, to avoid exposure to any bid disputes and/or legal challenges, to ensure that serial purchases do not exceed budget allocations, and to ensure that all parties participating in the public procurement process remain on an equal footing, this policy establishes standards and practices for the purchasing of materials, supplies, and services.

### APPLICABILITY

This policy applies to all employees and officials involved in procurement or purchasing, and its scope spells out specific responsibilities by position.

### POLICY

The Director of Procurement, appointed by the Town Administrator, has been designated by the Select Board as Natick's Chief Procurement Officer (CPO) pursuant to [M.G.L. c. 30B, § 2](#), and is responsible for ensuring that all purchasing adheres to the competitive quotation and bidding procedures required by state law.

To effectively fulfill this role, the Director of Procurement will achieve and maintain a designation of Massachusetts Certified Public Purchasing Official through the Office of the Inspector General (IG).

In compliance with statute, the Town, for sealed bids under [M.G.L. c. 30B, § 5](#), will award a contract, if at all, to the lowest responsible and eligible bidder. Where a sealed proposal process is used pursuant to [M.G.L. c. 30B, § 6](#), the Town will award a contract, if at all, to the most advantageous proposer, taking into account price and all other non-price criteria. For procurements between \$10,000 and \$50,000, the Town will award a contract, if at all, to the responsible and responsive party submitting the lowest quote. For purchases less than \$10,000, the Town will award a contract, if at all, in accordance with "sound business practices," as that term has been defined by Massachusetts General Laws Chapter 30B.

All department heads are accountable for the purchases made within their departments. Accordingly, all department heads and any designated purchasing employees must read and adhere to the provisions of M.G.L. c. 30B and must follow the procurement procedures detailed in the IG's guide, [The Chapter 30B Manual: Procuring Supplies, Services, and Real Property](#) or any successor publication issued by the Office of the Inspector General. In addition, every department head will make all efforts to combine purchasing needs with other departments to avoid waste and seek bulk purchase discounts. The Director of Procurement will coordinate with

department heads to identify group purchasing opportunities.

Beyond the statutory purchasing requirements, the Town requires department heads to submit a “blanket” purchase order to the Comptroller prior to the first of a series of purchases from a single vendor that, in total for the fiscal year, will cost \$2,500 or more. The department head will provide the estimated total cost for the year, which the Comptroller will then encumber in Munis.

All practices associated with procurement and purchasing are subject to audit by the Town’s independent auditor.

A. Quotation and Bidding Requirements

Apart from the specific types of exceptions listed under [M.G.L. c. 30B § 1](#), **any emergency procurements** under [M.G.L. c. 30B, § 8](#), any sole source procurements under [M.G.L. c. 30B, § 7](#), any cooperative procurements under [M.G.L. c. 30B, § 22](#) and [§ 23](#), and any state OSD Contract or federal GSA contract for which compliance with [M.G.L. c. 30B](#) is deemed, all other purchases for goods or services must comply with the following:

Dollar Thresholds	Statutory Requirements
< \$10,000	Sound business practices <ul style="list-style-type: none"> <li>• Ensuring the receipt of a favorable price by periodically soliciting price lists or quotes</li> </ul>
\$10,000 - \$50,000	Requires the following: <ul style="list-style-type: none"> <li>• Through departments, requiring the development of a scope of services/written purchase description</li> <li>• Soliciting three (3) quotes from responsible firms/individuals typically providing the goods/services.</li> <li>• Award to lowest responsible and responsive party that meets quality requirements</li> <li>• Written Contract (A purchase order with all statutory elements will be acceptable for such purposes).</li> </ul>
> \$50,000	Requires the following: <ul style="list-style-type: none"> <li>• Advertisement/Public Notice (Town Hall, Town Website, Newspaper Publication Serving the Town, COMMBUYS, <a href="#">Goods and Services Bulletin</a>)</li> <li>• Formal competitive bidding, IFB = Invitation for bid or RFP = Request for Proposals (upon prior justification by the CPO that the RFP process serves the Town’s needs)</li> <li>• Award to responsive and responsible bidder (under section 5) or to the most advantageous proposer. Taking into account price and all other non-price criteria (under section 6),</li> <li>• Written Contract</li> </ul>

Every department head must assess his or her department's full fiscal year operational needs when considering purchases. No Town department may split up several small purchases of the same product to, in effect, conceal the cost threshold for soliciting bids.

#### B. Sole Source Procurements

Competitive bids may be waived in instances where the Chief Procurement Officer specifically determines in writing that there is only one (1) practicable source for the relevant equipment, materials, or services. Any department head intending to make a sole source procurement ([M.G.L c. 30B § 7](#)) must first submit supporting documents to the Director of Procurement, as CPO for preapproval.

#### C. Special Purchase Order Types

##### **Blanket Purchase Orders**

A blanket order is a Purchase Order where goods and services may be purchased over a given period of time or where materials or supplies require numerous shipments and/or payments.

Blanket Purchase Orders may be used for frequently purchased low-cost miscellaneous items or supplies and/or services that are on contract.

The Blanket Purchase Order permits departments to place orders for items or services on an "as needed" basis without having to submit additional requisitions.

A Blanket Purchase Order must contain the required information for all POs including but not limited to the following:

1. Description of goods/services: Detailed listings of items being purchased, including product codes, descriptions, quantities, and unit prices.
2. Total amount: The cumulative cost of all items/services, often broken down into subtotals, shipping fees, and the grand total.
3. Payment terms: Specifies conditions for payment.
4. Shipping details: Information about the delivery method, shipping address, any associated costs, and expected delivery dates.
5. Terms and conditions: Any specific terms or conditions related to the purchase, including return policies, warranties, or other stipulations.

**Blanket Purchase Orders should not be used:**

1. As means to provide an open line of credit with a vendor.
2. When prices are unknown at the time of ordering or subject to change later without notice. There are certain exceptions when small-item purchases are being made locally.
3. When the quality of vendor’s product and/or services is questionable.
4. When control over the department’s expenditures would be weakened significantly.

Open Blanket Purchase Orders should be reviewed periodically and closed if no longer needed during the fiscal year and should follow the Year-End Preparation section in the Year-End Closing policy for the timeline and instructions to close out the Purchase Orders.

**D. Purchasing Employee/Department Head Responsibilities**

Department heads will ensure that their purchases do not exceed the departments’ allocated budgets and that they comply with the following provisions.

All serial purchases from the same vendor that are anticipated to aggregate to a total cost of \$2,500 or more within the fiscal year (such as monthly utility bills):

- Submit a blanket purchase order to the Comptroller

All other purchases, follow the thresholds below:

<b>Dollar Thresholds</b>	<b>Statutory Requirements</b>
< \$10,000	Ensure compliance with sound business practices. <ul style="list-style-type: none"><li>• Periodically soliciting price lists or quotes in pursuit of favorable prices.</li></ul>
\$10,000 - \$50,000	<ul style="list-style-type: none"><li>• Create a written purchase description that includes the following (as applicable):<ul style="list-style-type: none"><li>○ Detailed description of the product or services required</li><li>○ Schedule of performance</li><li>○ Quantities required</li><li>○ Delivery terms</li><li>○ Payment terms</li><li>○ Insurance or other special requirements</li></ul></li><li>• Solicit at least three (3) written quotes from responsible and responsive vendors customarily</li></ul>

Dollar Thresholds	Statutory Requirements
	providing the desired goods services according to procedures outlined in the IG's Chapter 30B Manual. <ul style="list-style-type: none"> <li>• Submit the purchase description, quotes, and recommended vendor to the Director of Procurement for review.</li> <li>• After the vendor has been selected and purchase made, include a copy of the Director of Procurement's notice of the approved bidder when submitting the invoice for payment to the Comptroller.</li> </ul>
> \$50,000	Work with the Director of Procurement toward the creation of an invitation for bid (IFB) or request for proposal (RFP).

E. Director of Procurement Responsibilities

As CPO, the Director of Procurement responsibilities include the following.

Dollar Thresholds	Statutory Requirements
\$10,000 - \$50,000	Review the quotes, determine the identity of the lowest responsible and responsive quoting party, and notify the department head of the selection.
> \$50,000	<ul style="list-style-type: none"> <li>• Prepare an IFB or RFP in accordance with guidelines in the IG's manual and in accordance with templates approved by the Office of the Town Counsel.</li> <li>• Follow the IG's guidelines for advertising the IFB/RFP and for receiving, reviewing and awarding contracts pursuant to the submission of sealed bids or proposals.</li> <li>• Maintain a log of all contracts greater than \$50,000.00, including the number of them received and their dollar values.</li> <li>• Work with department heads to prepare the contract for the awarded vendor and refer proposed contracts for the Town Counsel's review.</li> <li>• Ensure every finalized contract is signed by the vendor and Town contracting authority for the particular department. Construction contracts must also be signed by the Comptroller, per M.G.L. c. 44, § 31 or M.G.L. c. 44, § 31C, as appropriate.</li> <li>• Retain originals of all bid documents, including specifications, vendor responses, evaluations, and award determinations, for six (6) years after final</li> </ul>

Dollar Thresholds	Statutory Requirements
	payment under any contract. <ul style="list-style-type: none"> <li>• Provide the Comptroller with copies of all executed contracts.</li> </ul>

F. Town Administrator Responsibilities

The Town Administrator will review all proposed contracts and direct any inquiries to the Director of Procurement and relevant department head. The Town Administrator will sign the contract to approve it when satisfied with the terms and with the terms of the procurement, as completed.

G. Comptroller Responsibilities

The Comptroller will:

- Refer to contract terms when reviewing invoices submitted for payment.
- Conduct random audits of compliance with this policy.

## REFERENCES

[M.G.L. c. 30B](#): *Uniform Procurement Act*

[M.G.L. c. 44, § 31](#): *Liabilities in excess of appropriations forbidden; exceptions*

[M.G.L. c. 44, § 31C](#): *Construction contracts; certificate as to availability of funds; effect of certificate upon defense of insufficiency of appropriations*

Natick Charter: *Powers and Duties of the Town Administrator, Section 4-2*

Natick Policies: *Fraud Risk Assessment, Accounts Payable, and Procurement Conflict of Interest*

MA Inspector General manuals: [The Chapter 30B Manual: Procuring Supplies, Services and Real Property - Legal Requirements, Recommended Practices and Sources of Assistance, 8th Edition](#) and [Designing and Constructing Public Facilities](#)

## EFFECTIVE DATE

Development: 2023

Effective Date: 07/01/2024

Submission for Approval: 10/28/2024

Approval and Adoption: 07/14/2025

Next Review Proposal: 2027

## APPROVED BY

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## **VERSION NUMBER**

Version: 01 (07/14/2025)