


**Town of Greenwich - Purchasing Department
MEMORANDUM**

TO: All Department Heads, the Town Administrator and the First Selectman
FROM: Joan Sullivan, Director of Purchasing & Administrative Services 
DATE: April 1, 2008
SUBJECT: Revisions to Purchasing Policy Manual

Please review and include the attached update(s) in your Purchasing Policy Manual:

TITLE	SECTION
Table of Contents	Page 4 of 4 (Replaces Oct. 2004)
Performance Bond Requirements	3.1 Page 1 of 1 (Replaces Oct. 2004)
Nonresident Contractor 5% Tax for Contracts and Change Orders	3.3 Page 2 of 3 and Page 3 of 3 (Replaces Oct. 2004)
Nonresident Contractor 5% Tax for Service Agreements	3.4 Page 2 of 2 (Replaces Oct. 2004)
Notification of Receipt of Certificate of Compliance	9. Exhibit F

Please forward a copy of the updated section(s) to appropriate staff in your department for their implementation.

If you or your staff should have any questions, please contact me at extension 7884.

Thank you.

JS:pf

Attachments.

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SECTION 9
EXHIBITS

- Exhibit A - National Institute of Governmental Purchasing (NIGP)
Code of Ethics
(Referred to in Section 1.9)**
- Exhibit B - Performance, Maintenance, and Payment Bond Form
(Referred to in Section 3.1)**
- Exhibit C - Connecticut General Statutes §49-41
(Referred to in Section 3.1)**
- Exhibit D - Form AU-766 Guarantee Bond
(Referred to in Sections 3.3, 3.4, and 6.2)**
- Exhibit E - Form REG-1 Business Taxes Registration Application
(Referred to in Sections 3.3 and 3.4 and 6.2)**
- Exhibit F - Notification of Receipt
Certificate of Compliance
(Referred to in Sections 3.3 and 3.4)**
- Exhibit G - Form AU-764 Deposit by a Person Doing Business with a
Nonresident Contractor
(Referred to in Sections 3.3 and 3.4)**
- Exhibit H - Contractor Performance Evaluation Form
(Referred to in Section 3.5)**
- Exhibit I - Freedom of Information Act
(Referred to in Section 3.6)**
- Exhibit J - Emergency Justification Form
(Referred to in Sections 6.2 and 7.8.1)**
- Exhibit K - Insurance Requirement Sheet
(Referred to in Section 6.3)**
- Exhibit L - Waiver of Town's Recommended Insurance Requirements
(Referred to in Section 6.3)**
- Exhibit M- Purchasing Department's Advisement of Request for Bid
and Request for Proposal
(Referred to in Section 4.3)**

PURCHASING POLICY MANUAL

STATE STATUTES

3.1 PERFORMANCE BOND REQUIREMENTS

A Performance, Maintenance and Payment Bond is a written contract between the contractor and the Town guaranteeing that the work will be completed in accordance with the contract. Under the bond, the work is guaranteed against defects in workmanship or materials for one year after the work is completed. The bond guarantees that the contractor will pay when due all labor and material bills arising out of the work that the contractor is obligated to perform.

For a bid or proposal greater than \$100,000.00, the awarded contractor will be required to furnish a Performance, Maintenance and Payment Bond on the Town of Greenwich form, (See Section 9, Exhibit B), in the amount of the Gross Sum of the contract, including allowance for contingencies and extra work, and/or contract price within seven (7) days of the award. The bond must be duly executed and acknowledged by said contractor as principal and by a surety company qualified to do business under the laws of the State of Connecticut and satisfactory to the Town, as surety, for the faithful performance of the contract and payment for labor and materials. The contractor shall pay the premium for such bond.

For a bid or proposal greater than \$100,000.00, a letter from the bonding company stating that the Performance Bond can be obtained within seven (7) days of request should be provided with contractor's response.

The Performance Bond is required per Connecticut General Statute §49-41, (See Section 9, Exhibit C).

work under the contract actually starts. If a change order is made after the commencement of the original contract, the change order commences when it is signed by the nonresident contractor, but, in any event, occurs no later than when the work under the change order actually starts.”¹ As soon as the guarantee bond is filed with the DRS, the nonresident contractor shall submit the copy of such guarantee bond together with the nonresident contractor’s Connecticut Tax Registration Number to the department developing the contract and/or issuing the change order.

After the nonresident contractor receives a Certificate of Compliance from the DRS confirming that the guarantee bond requirement has been met, the nonresident contractor shall submit a copy of said form, referencing the contract, to the department developing the contract and/or issuing the change order.

The department shall then complete the form entitled, Notification of Receipt of Certificate of Compliance (See Section 9, Exhibit F) and forward it to the Accounts Payable Supervisor in the Finance Department. When Purchasing develops contracts for other departments, Purchasing shall complete the referenced form and send it to the Accounts Payable Supervisor in the Finance Department and to the department contact.

Upon receipt of the copy of the Certificate of Compliance, the Town is no longer obligated to withhold payment of 5% of the nonresident contractor’s invoices that pertain to the contract award amount the guarantee bond was issued for.

If a copy of the Certificate of Compliance is not received by the department that developed the contract and/or issued the change order within 120 days from the commencement of the contract and/or change order, the Town will be obligated under law to withhold payment in the amount of 5% of the contract and/or change order amount for which the Certificate of Compliance was not received and remit the amount as a deposit to the DRS not later than 30 days after the completion of the contract. Completion of

the contract, as defined by the State of Connecticut, “means the time when the nonresident contractor makes the final periodic billing for the contract. Note that the final periodic billing may be due before payment of any retainage becomes due. If a change order is made after the final periodic billing for the original contract, the change order is complete when the nonresident contractor bills for the change order.”¹

In the case where the Town has received a copy of the Certificate of Compliance for the original contract amount but not for a change order amount, the Town shall be obligated to withhold payment in the amount of 5% of the change order(s).

The Town will also be obligated to withhold 5% from each nonresident contractor’s invoice if the nonresident contractor has invoiced the Town before 120 days has passed from the commencement of the contract and has not supplied the Town with a copy of the Certificate of Compliance the State of Connecticut.

Form AU-764, Deposit by a Person Doing Business With a Nonresident Contractor, (See Section 9, Exhibit G), is completed by the using department and/or the department issuing the change order and is sent to the Finance Department for submission to the State with the 5% withheld from the Contractor’s invoice.

1. State of Connecticut, Department of Revenue Services, Special Notice, SN 2003 (20).

After the nonresident contractor receives a Certificate of Compliance from the DRS confirming that the guarantee bond requirement has been met, the nonresident contractor shall submit a copy of said form, referencing the service agreement, to the department that issued the purchase order/change order/supplement.

The department shall then complete the form entitled, Notification of Receipt of Certificate of Compliance (See Section 9, Exhibit F) and forward it to the Accounts Payable Supervisor in the Finance Department.

Upon receipt of a copy of the Certificate of Compliance, the Town of Greenwich is no longer obligated to withhold payment of 5% of the nonresident contractor's invoices that pertain to the purchase order/change order/supplement amount that the guarantee bond was issued for.

If a copy of the Certificate of Compliance is not received by the department that issued the purchase order within 120 days from the commencement of the purchase order/ change order/supplement, the Town will be obligated under law to withhold payment in the amount of 5% of the purchase order/change order/supplement total and remit the amount as a deposit to the DRS not later than 30 days after the completion of the purchase order/change order/supplement.

The Town will also be obligated to withhold 5% from each nonresident contractor's invoice if the nonresident contractor has invoiced the department that issued the purchase order/change order/supplement before 120 days from the commencement of the purchase order and has not supplied to the department that issued the purchase order a copy of the Certificate of Compliance from the State of Connecticut.

Form AU-764, Deposit by a Person Doing Business With a Nonresident Contractor, (See Section 9, Exhibit G), is completed by the department that issued the purchase order and is sent to the Finance Department for submission to the State with the 5% withheld from the Contractor's invoice.

NOTIFICATION OF RECEIPT

CERTIFICATE OF COMPLIANCE

TO: ROY CAREY, ACCOUNTS PAYABLE SUPERVISOR

FROM:

DEPT.:

DATE:

Please be advised that we have now received the Certificate of Compliance for the contract listed below in the amount of \$ _____. The Town of Greenwich, therefore, is no longer obligated to withhold payment of 5% of this contractor's invoices which pertain to this contract amount.

If the dollar value of the contract or purchase order against a service agreement is increased by supplements or change orders, the Guarantee Bond requirement becomes activated for the amount of the increase and necessitates the Contractor to submit another Guarantee Bond for the increase to the State of Connecticut. It is the responsibility of the Using Department to make certain that the Contractor follows through with this requirement. Failure to do so will obligate the Town of Greenwich to withhold 5% of the increase amount and deposit same with the State.

CONTRACTOR: _____

CONTRACT NAME: _____

CONTRACT # _____	Contract Amount: \$ _____
PURCHASE ORDER # _____	Purchase Order Amount: \$ _____
CHANGE ORDER # _____	Change Order Amount: \$ _____
SUPPLEMENT # _____	Supplement Amount: \$ _____

Enc: Certificate of Compliance