



1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
(619) 231-1466 • FAX (619) 234-3407

Policies and Procedures

No. 63

SUBJECT:

Board Approval: July 28, 2016

PAYMENTS FOR FREIGHT/SHIPPING OR SALES/OTHER TAXES POLICY

PURPOSE:

To authorize staff to pay costs related to freight/shipping of goods and sales tax exclusive of the signature limits set forth in Policy No. 41 (Signature Authority).

BACKGROUND:

Policy No. 41 (Signature Authority) establishes dollar limits for approval of purchase requisitions and expense contracts. Although staff attempts to identify and define the exact costs for freight/shipping of goods and applicable sales tax/government fees on purchases, these amounts are not always ascertainable at the time the order is placed. In those circumstances, freight/shipping costs may depend on the number of items shipped, the weight of the item, whether expedited shipping is necessary or other factors. Sales tax and other government fees or taxes are set by state and local law, but are subject to change during the term of a contract, or based on the location MTS purchases or receives the goods. This Policy No. 63 is intended to authorize the CEO, and his/her designees, to complete such purchases even if the extra cost causes the contract to exceed the various signature limits set forth in Policy No. 41.

POLICY:

63.1 FREIGHT/SHIPPING

- a. Where practicable, bids, quotes and proposals from vendors should include all costs related to the goods, including the cost to ship the goods to MTS.
- b. When it is not reasonably practicable to obtain an all-inclusive quote including freight/shipping costs, then the purchase requisition and purchase order/expense contract may be processed pursuant to the signature authority limits in Policy No. 41 exclusive of costs for shipping/freight. The Chief Financial Officer shall establish rules and procedures for Procurement and/or Accounts Payable staff to determine if an individual freight/shipping price on an invoice is fair and reasonable. If the freight/shipping price is deemed to be fair and reasonable, then the freight/shipping charge may be added to the purchase order and the invoice paid.



63.2 SALES TAX AND OTHER GOVERNMENT FEES

- a. Where practicable, bids, quotes and proposals from vendors should include all costs related to sales tax and other government fees that may be required for an individual purchase of goods or commodities.
- b. Recognizing that sales tax rates may change during the term of a contract, MTS staff is authorized to pay the actual amount of sales tax owed at the time a purchase is completed pursuant to state law, even if it differs from the amount of sales tax anticipated at the time the contract or purchase order was executed. On this basis, purchase requisitions and purchase order/expense contracts may be processed pursuant to the signature authority limits in Policy No. 41 exclusive of sales tax.
- c. Purchase requisitions and purchase order/expense contracts may be processed pursuant to the signature authority limits in Policy No. 41 exclusive of other government fees and taxes that may be required for certain goods or commodities.

Original Policy Adopted on 7/28/2016