

SUMNER COUNTY GOVERNMENT

Purchasing Policies and Procedures

10/19/2009
Sumner County Finance

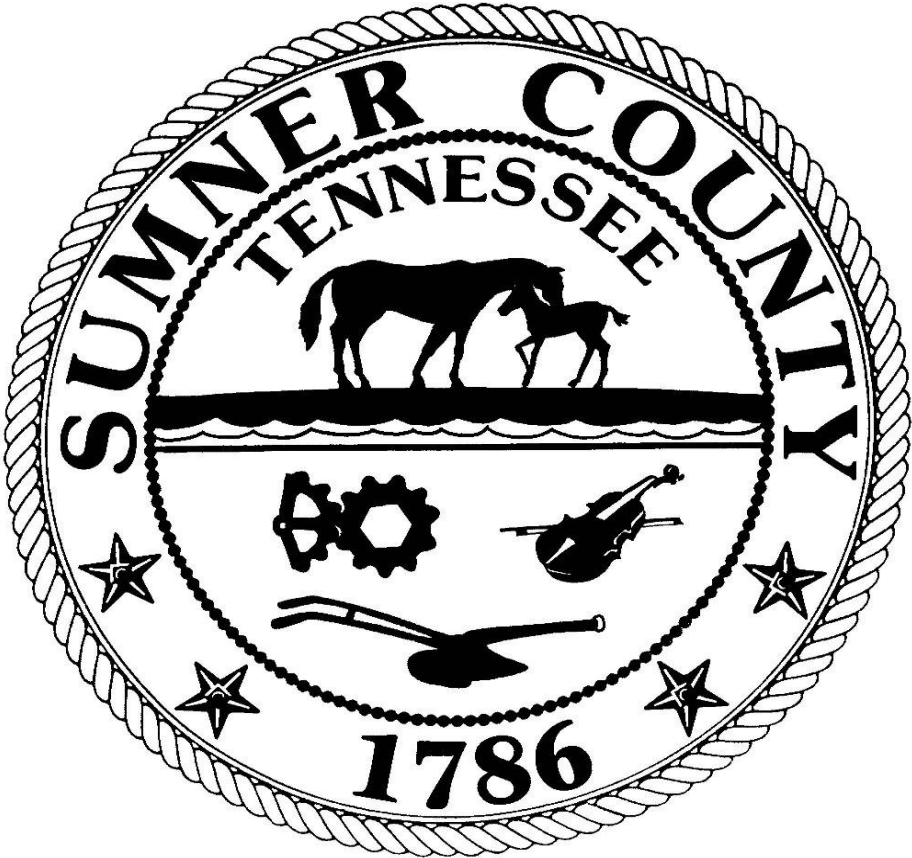


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PURCHASING OVERVIEW

The purpose of these policies and procedures is to give a clear understanding of the purchasing process and provide reasonable assurance that all laws and regulations are complied with for all purchases.

The Sumner County Finance Director will serve as the purchasing agent for Sumner County, excluding the school system and the highway department.

A deputy director for purchasing has been appointed to review all contracts and purchases of biddable supplies, materials, equipment, and other needs of Sumner County. Sumner County Government will purchase in compliance with Chapter 113 of Private Acts of 2002, Section 5-14-202 through 207, Tennessee Code Annotated and all Sumner County Commission Resolutions. All purchases shall be allowable within state statutes and clearly be for a public good. The county will purchase competitively, when possible, and seek maximum value for every dollar expended.

The county **will not be liable for payment** of any purchase made contrary to state statute or any of the following purchasing procedures

ROUTINE PURCHASES

Routine purchases are purchases made in the normal course of conducting business. They shall include expenditures for supplies, office equipment, and any other expenditure necessary for the operation of Sumner County Government. These expenditures shall be anticipated and requested in the budget and will usually be appropriated by the Sumner County Commission at the beginning of the fiscal year.

PURCHASE ORDERS

The purchase order is written evidence of the agreement between the buyer and the supplier for the purchase of goods or services at an agreed price and delivery date. All purchases require a purchase order to be completed prior to commitment to the purchase, except for items listed under the “exemptions from purchase orders” section. **It is recommended, but not required, that department heads and elected officials send a copy of the purchase order to the vendor at the time of purchase commitment.**

To obtain a purchase order, the department head, elected official, or his or her designee, shall properly complete a requisition and have an available unencumbered balance in the appropriate line-item. Requisition forms are available on the county’s web site under finance or can be obtained via e-mail from the finance department.

- A single purchase order can only be from one vendor and only from one fund.
- If cost of purchase is expected to range between \$1,500 and \$4,999.99, three written or verbal (including telephone) quotations, when possible, should be obtained and documented on the purchase order requisition form (provided)
- All like item purchases estimated to exceed \$5,000 in a fiscal year shall be purchased through the purchasing department (see bidding)
- All purchases less than the \$5,000 bid threshold should be ordered by the requisitioner after obtaining a purchase order
- Invoices should be addressed to the requisitioning department (not the finance or purchasing office)
- A signed purchase order (proof of receipt) marked full or partial payment, invoice #, and invoice amount, and an attached invoice shall be received before the payment process can be initiated
- Purchase order requisitions received in finance via email (purchasing@sumnertn.org) and from the county’s web site will be processed first. All other purchase order requisitions, will be processed in the order they are received after all emailed purchase order requisitions are processed

EXEMPTIONS FROM PURCHASE ORDERS

The following items will not require a purchase order; however, these expenditures will require a properly completed “requisition for payment” in lieu of a purchase order and shall have an adequate unencumbered balance in the appropriation line-item. However, the department head may request a purchase order for any of these exemptions so that a budgetary amount can be encumbered. For an amount to be encumbered the purchase order must be for a specific amount and for specific items or services and a copy of the purchase order must be in the hands of the vendor in which the purchase commitment exists. (In addition, the Sumner County Finance Director or the Financial Management Committee can grant other exclusions from the purchase order requirement, only when deemed absolutely appropriate.)

- Materials purchased at seminars (under \$500 in total)
- All utilities (water, telephone, cellular phones, gas, electric, etc.)
- Detaining juveniles
- Postage and shipping costs (if not part of an order)
- Jurors, court costs, interpreters for courts
- Food for inmates while working for the county
- Travel reimbursements
- Hotel bills
- Data processing services from a continuing vendor
- Dues, tuition, and professional fees/taxes
- Membership fees
- Periodicals and subscriptions under \$500 annually
- Non-contracted and contracted medical costs for inmates
- Non-profit donations
- Refunds (for overpayments)
- Payroll costs
- Lease payments
- Maintenance agreements
- Employee and official bonds
- Inter-departmental billings
- State and federal billings
- Newspaper advertisements
- Bank fees and service charges
- Medical bills for K-9
- Audit services
- Legal services and court costs
- Workman’s compensation claims payments
- Unemployment payments
- Liability claims payments
- All law enforcement confidential payments
- The cost of investigators, expert witnesses, or any other costs associated with ongoing law enforcement investigations, litigation, or potential

litigation that **may compromise** the law enforcement activity or litigation

- Vehicle tags and/or registration
- Filing of documents in the Register of Deeds Office

BLANKET PURCHASE ORDERS

In order to minimize any hardships to comply with purchasing procedures, departments are authorized to utilize blanket purchase orders in certain instances. This is not the most desirable method but may be used in some instances. Blanket purchase orders are for routine items only, such as office supplies, gasoline, maintenance supplies, and other such items. The blanket purchase order shall be with only one vendor and shall be like purchases and may not exceed the total purchase order authorized, except as noted in “purchases exceeding the purchase order limit”. The blanket purchase order must be for a **defined period** and will liquidate at the end of the period; encumbered balances will **not** carry forward to a subsequent period. The purchase order must be a **reasonable estimate** of the total costs for the period requested. The **description of items** to be purchased on the requisition shall adequately and accurately reflect the items to be purchased. Each department is responsible for monitoring expenditures against blanket purchase orders and for ensuring that it does not exceed authorized amounts. A copy of the purchase order with the amount expended written on it, partial payment of P.O. indicated, an authorized payment signature, and an attached invoice shall be received by finance department before each payment.

Blanket purchase orders may be requested for the following lengths of time:

- ❖ Annual purchase orders must be fixed monthly or annual amounts that generally do not vary, except for overages or other similar charges
- ❖ Annual purchase orders may also be used for items that are bid, or the amount is set by a contract, or statute and if reasonable estimates can be made of the total costs
- ❖ Monthly purchase orders are for like purchases such as office supplies, vehicle maintenance, janitorial supplies, library books, building materials, jail food, etc.

P- CARD PURCHASES

Purchases on the county’s P-cards **require a purchase order** if otherwise a purchase order would have been required. P-card purchase orders are for single-time purchases, no annual or monthly purchase orders are authorized for p-card purchases. P-card purchases require the same documentation as non-p-card purchases. In addition, all travel and other regulations apply. County p-cards may not be used under any circumstance for personal purposes. Any purchases that are outside of the purchasing policy or travel policy will require immediate re-payment of all costs and may result in closure of card and/or legal action. County p-card may not be used by anyone other than the named card holder(s).

LINE-ITEM BUDGET BALANCE

For a purchase order to be issued, an adequate unencumbered balance shall exist in the appropriate line-item. These line-item classifications are based on the State of Tennessee Comptroller's Uniform Chart of Accounts. Sumner County is required to use this classification system by Section 5-8-501, Tennessee Code Annotated. The Sumner County Commission has line-item budgetary control by state statute.

To expedite the purchase order process, the budget committee and Sumner County Commission authorizes the Sumner County Director of Finance to make adjustments between non-salary budget line-items within the same major category for up to \$1,500 per line-item per month. These amounts shall be presented to the budget committee at the following meeting.

PURCHASES EXCEEDING THE PURCHASE ORDER LIMIT

In rare instances, the amount of the purchase may exceed the amount of the purchase order. The purchase order in many cases is an estimate of the amount of the purchase and may not be the absolute authorized limit of expenditures in all cases. The limit that the expenditure may exceed the purchase order is the lesser of the unencumbered balance in the appropriate appropriation line-item, 15% of the purchase price, or \$1,000. The adjustment shall be for price variances from estimates, shipping costs, and other variances in final price but not for additional items ordered. With justification, the Sumner County Financial Management Committee may grant an exception to the limits. However, the committee is under no obligation to grant such exemption.

BACKORDERS, PURCHASE ORDER CANCELATIONS, PARTIAL ORDERS

If for any reason a purchase is not completed or an order not placed, purchasing should be notified immediately. Notification will cancel the purchase order and disencumber your budget line-item for that amount. For any purchase order, other than blanket purchase orders, not returned with the invoice within 90 days, will be cancelled unless an extension is requested. If you receive a **partial order** and the remainder is cancelled, return the purchase order with the cancelled item (s) crossed through and initialed, sign the bottom of the purchase order (receiving signature), and attach the invoice to initiate payment. For **backordered items**, cross through the back ordered items and write "B.O." and initial, make a copy of the purchase order to be used for the remaining items, sign bottom of purchase order (receiving signature), and attach invoice to initiate payment. When back ordered items are received, write "B.O." received and return with the invoice to initiate payment.

BIDDABLE ITEMS

Sumner County Commission policy is that all like item purchases from \$5,000 to \$9,999.99, unless covered under “professional service” or “sole provider” will be competitively bid on the Sumner County Internet Site. All like purchases, unless covered under “professional service” or “sole provider” estimated to exceed \$10,000 in any fiscal year will be competitively bid in a newspaper of general circulation. The practice of splitting an order or dividing items to be purchased to avoid the use of the bidding process or other purchasing procedures is prohibited and will result in non-payment of invoices. All bids will be processed through the finance department’s purchasing director. A copy of all bid documentation, after bids are awarded, will immediately be sent to the finance department for electronic storage on the finance department’s server.

- Drug dogs are considered a specialized service and are exempt from the bidding requirements.
- Real property requires an appraisal in lieu of a bid.
- Undercover law enforcement vehicles do not require bids.
- No bid will be awarded nor contract entered into if bid price exceeds current market price.

I) For Biddable Items (\$5,000 to \$9,999.99):

- Specifications will be made by the department, agency or official to receive the merchandise, construction or service
- Specifications will be forwarded to room 205 or dpigna@sumnertn.org
- Specifications will be reviewed by the designated deputy director in room 205 to allow maximum competition for bidders
- Placed on the Sumner County Website at least ten days
- Bid awarded based on best and lowest bid
- All documentation will be forwarded to finance for electronic storage
- Purchase order issued

II) For Biddable Items (\$10,000 and above):

- Specifications will be made by the department, agency or official to receive the merchandise, construction or service
- Specifications will be forwarded to room 205 or dpigna@sumnertn.org
- Specifications will be reviewed by purchasing department to allow maximum competition for bidders
- Prepare formal bids
- Placed on the Sumner County Website at least ten days and published in a paper of general circulation at least ten days in advance of bid opening (unless emergency purchase)
- Collect and open sealed bids
- If for any reason other than the low bid is chosen, the purchasing committee’s approval is required along with justification for not choosing the low bidder. All other awarded bids shall be presented to the purchasing committee in the following month by the purchasing director

- All documentation will be forwarded to finance for electronic storage
- Purchase order issued

SOLE SOURCE

To be considered a sole source, all requirements set forth in Section 5-14-204, Tennessee Code Annotated will be followed. The following is required:

- All sole provider purchases shall be approved in advance by the purchasing committee
- Sole source shall be documented by patents, copyrights, or other obvious evidence that no other vendor can provide a comparable service or product
- Before purchase commitment an itemization of all pertinent data shall be presented to the Sumner County Executive and the Sumner County Commission

PROFESSIONAL SERVICE

Professional services (attorneys, architects, engineers, accountants, and financial advisors) shall not be based upon competitive bids but shall be awarded on the basis of recognized competence and integrity.

EMERGENCY PURCHASES

Emergency purchases are purchases which are necessary to avert hazards which may threaten health or safety, to protect property from damage, or to avoid a major disruption of governmental activities. Emergency purchases do not include purchases due to improper planning. If within budgetary limits and deemed essential, emergency purchases may be made by the Department Heads or by the Purchasing Agent or the director's appointee. However, emergencies during the finance department's operational hours shall still receive a purchase order in advance. If the purchase is of such significant magnitude as to impact the integrity of the budget, the Purchasing Agent or his appointee shall call a special or emergency meeting of the Purchasing Committee to deal with the matter. In all circumstances, the Purchasing Agent or his designee shall be advised promptly of all emergency purchases, and it shall be the Purchasing Agent's responsibility to inform the Purchasing Committee and the county legislative body of same if deemed necessary.

COOPERATIVE PURCHASING

The Purchasing Agent or his appointee, at his/her option, will join in cooperative purchasing with Sumner County Department Heads to take advantage of lower prices for bulk purchasing whenever it is beneficial to Sumner County. An annual review of all such agreements and the purchases made through them shall be made to verify the benefits of the agreement to Sumner County.

All purchases, whether by competitive bid or otherwise, shall take into consideration the quality of the articles supplied, the compliance with developed specifications, the suitability to the requirements of Sumner County, and the delivery terms.

VENDOR RELATIONS AND CONFLICTS OF INTEREST

The Purchasing Agent, his designees, and Department Heads shall give equal opportunity to all eligible vendors. Each order will be placed on the basis of quality, price, delivery, and service history.

REQUISITIONS

A requisition for purchase order shall be completed properly and completely before any purchase order can be issued. (See attachment A) Completion of a requisition is not an approval for purchase. Purchase order requisition forms are available on Sumner County's web site under Departments - Finance Department.

NEW VENDORS

To comply with Internal Revenue Service requirements, all vendors that perform **any type of service** are required to have a current form W-9 on file with Sumner County Finance. At the time of requisition, the individual requesting a purchase order will be informed if it is a new vendor and if a form W-9 is required. If form W-9 is required for a new vendor, the department head shall forward one with the invoice and purchase order to the Finance Department to process payment. A Form W-9 can be obtained from the finance office, Sumner County's website, or the Internal Revenue Service's website (www.irs.gov).

Please note, in order for the finance department to issue a purchase order an accurate name or vendor number is required.

SPECIAL PROVISIONS

All requisitions shall be received by the finance office by **May 31** of each fiscal year unless the expenditure is for an unforeseeable circumstance. An unforeseeable circumstance is one that can not be reasonably predicted.

All contracts must be cleared by the County Law Director as required by a Sumner County Commission Resolution before any purchase commitments are signed.

All purchases by the Sumner County Board of Education that are made through Sumner County's Capital Projects Fund will follow the county's purchasing policy except for the following modifications:

- All bids for school projects will be performed by the Sumner County Board of Education and a copy of all **pertinent** information will be emailed to the finance department for electronic storage after the bids are awarded
- A copy of all purchase orders will be forwarded from the school department in lieu of a purchase order requisition
- All items excluded from purchase orders by the Sumner County Board of Education are also excluded by the Sumner County's Purchasing Policy for school purchases in the Sumner County's Capital Projects fund

IMPLEMENTATION DATES

All bid requirements are effective immediately. All purchase order requirements are effective September 30, 2009, except for any expenditure related to American Recovery and Reinvestment Act, p-card purchases, and applicable Board of Education Purchases. These purchase order requirements are effective immediately for any expenditure related to American Recovery and Reinvestment Act. P-card purchases or applicable Board of Education purchases will not require purchase orders until December 15, 2009. From the period of September 30, 2009 until January 31, 2010 the Financial Management Committee may grant exceptions, with cause. However, the committee is under no obligation to grant such exception.