



# **SMITH COUNTY, TEXAS**

## **PURCHASING POLICIES AND PROCEDURE MANUAL**

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## **PURCHASING POLICIES AND PROCEDURE**

The purpose of this manual is to establish uniform policies and procedures for the procurement of materials and services that are consistent with Vernon's Texas Codes Annotated (Sec. 262.00), a.k.a. Texas Local Government Code, and policies of Smith County.

These procedures apply to all material and service purchases and related activities.

It is the individual responsibility of each employee involved in the procurement process to understand the policies upon which these procedures are based, the meaning, and intent of the procedures themselves.

If there are any questions relative to policy or procedure, or the ability of the employee to respond effectively to the requirements of the procedures, then it is the responsibility of the employee to bring such matters to the attention of their immediate supervisor before any action is taken.

The fundamental purpose of these procedures is not to restrict the effectiveness of the individuals involved in the procurement, but to provide a foundation for effective and consistent practices resulting in a positive and professional relationship between Smith County and the vendors from whom we are served.

## DEFINITIONS

**Advertisement or Advertised** – A public notice run in a newspaper of general circulation containing information about an invitation for bid or a request for proposal.

**Auditor** – Smith County Auditor and his/her designated representatives.

**Bidders list** – A list of vendors who have signified in writing an interest in submitting bids for particular categories or services.

**Change order** – A document used in construction contracts that changes the contract by increasing or decreasing the cost or the time for performance or changes the goods or services to be delivered.

**Commissioners Court** – Smith County Commissioners Court consisting of the County Judge and four precinct Commissioners.

**Competitive bidding** – The formal process of soliciting sealed bids from vendors as governed by Local Government Code §262.023.

**Contract** – A formal, written agreement executed by the county and a vendor containing the terms and conditions under which the goods or services are to be furnished to the county.

**Department** – Any county, precinct, and district offices, and subdivisions thereof.

**Employee** – Any county, precinct or district employee elected, appointed, or hired.

**Goods** – Includes any personal property to be purchased by the county, including equipment, supplies, material, and component or repair parts.

**Lease** – A contract for the use of personal property for a period of time in return for a specified compensation. All leases must be approved by the Commissioners Court and signed by the County Judge.

**Lowest responsible bid** – The offer from the responsible bidder who submits the lowest and best bid meeting all requirements of the specifications, terms, and conditions of the invitation for bid. It expressly is understood that the lowest responsible bid includes any related costs to the county in a total cost concept. The term “responsible” refers to the financial and practical ability of the bidder to perform the contract and take into consideration the past performance of the vendor.

**Modification** – a document used to change the terms and/or conditions of a contract.

**Pre-bid/proposal conference** – a conference conducted by the purchasing office for the benefit of those wishing to submit a bid or proposal for services or supplies required by the county. This is to allow bidders/proposers to ask questions about any proposed contract and the specifications contained therein.

**Proprietary information** – Information in bids or proposals to which a vendor claims ownership or exclusive rights and which are protected from disclosure in the Texas Open Records Act (Texas Local Government Code, Chapter 551).

**Purchase order** – A written order issued by the Purchasing Agent, or designee, authorizing the purchasing office to enter into a contract with a vendor to purchase goods or services.

**Purchase requisition** – A request by a department to the Purchasing Agent for the purchasing department to enter into a contract with a vendor to purchase particular goods or services.

**Purchasing** – The act, function, and responsibility for the acquisition of goods and services including construction.

**Purchasing act** – As defined in the Texas Local Government Code, Chapter 262.

**Purchasing agent** - In Smith County, the Purchasing Agent and/or designee is employed by the County Auditor as an Assistant County Auditor to act as the Purchasing Agent.

**Request for Offer (RFO)** - An RFO provides a method of negotiating prices, terms, and conditions with catalogue vendors. It assumes that negotiation for "best value" will occur with catalogue vendors, instead of making selections for goods and services based on the published prices, terms and conditions in the catalogues.

**Request for proposal (RFP)** – A document requesting an offer be made by a vendor which allows for negotiations after a proposal has been received but before award of the contract for goods and services procured in compliance with TEX. LOC. GOV'T CODE ANN., section 262.0295 or 262.030. All proposals are confidential information

and will be open to the public after the award has been made.

**Request for qualifications (RFQ)** – A document that requests details about the qualifications or professionals whose services must be obtained in compliance with the Professional Services Procurement Act.

**Sealed bids** – Competitive bids required to be advertised in a newspaper of general circulation and submitted to the purchasing office in a sealed envelope within the specified time period.

**Services** – Includes all work or labor performed for the county on an independent contractor basis, including maintenance, construction, manual, clerical, or professional services.

**Sole source good or service** – A good or service that can be obtained from only one source that is purchased in compliance with TEX. LOC. GOV'T CODE ANN., section 262.024(a)(7) and (c).

**Solicitation** – A document, such as an Invitation for Bid, Request for Proposal, Request for Offers, or Request for Qualifications, issued by the purchasing office. The document contains the terms and conditions for a contract and seeks (solicits) a bid or proposal for goods or services needed by the County.

**Specifications** – A concise description of a good or service that the County seeks to buy, including the requirements the vendor must meet in order to be considered for the award. A specification may include requirements for testing, inspection, or preparing any

items for delivery, or preparing or installing it for use.

**Vendor** – One who sells a good or service.

## PURCHASING AUTHORITY

The Texas State Legislature has enacted Purchasing Laws, and it shall be the policy of Smith County, acting through its duly appointed Purchasing Agent, to fully comply in all aspects with these laws as they are enacted and amended from time to time.

The County Auditor, with the consent of the District Judges, has created purchasing positions within the County Auditor's office to implement a centralized purchasing structure. The County Auditor, along with the District Judges, appoints the Purchasing Agent for Smith County and approves the Purchasing Agent's salary.

The County Purchasing Act (Local Govt. Code Section 262) applies to all departments: all district, county, and precinct officials, and employees of all subdivisions of all district, county, and precinct offices.

A person employed, appointed, or elected other than the county purchasing agent, as stated by Texas State law, **may not** make the purchase of supplies, materials, and/or equipment or make a contract for repairs.

This applies to all purchases of supplies, material, equipment, and services, and the contract of repairs.

Without the express written consent and approval of the County Purchasing Agent, **No** county employee shall:

- A. Purchase materials, equipment, supplies, or services for the County.
- B. Charge the cost of any materials, equipment, supplies, or services for the County.
- C. Purchase materials, equipment, supplies, or services for personal use or the use of a particular office, department, or precinct of the County.
- D. Charge the contract of repair to a particular office, department, or precinct of the County.

Temporary employees, inmates, and/or volunteers shall not be permitted to purchase items for the county.

## **BIDS / PROPOSALS**

The purpose of this procedure is to provide guidance for the regulations that apply to purchases of material, equipment, supplies, and services that are required by law to be a competitive sealed bid or request for proposal, V.T.C.A., Local Government Code Sec. 262.023(a).

These regulations and procedures apply to all purchases as follows:

Personal property if cost exceeds \$25,000 in the aggregate for a twelve (12) month period.

Construction, maintenance, repair, renovation of a building or materials for a renovation project valued at \$25,000 or more in the aggregate for a twelve (12) month period.

### *Bid Procedures:*

- E. Requisitioning - The requisitioning party must furnish detailed specifications to the Purchasing Department in the form of a memo, along with the budget authorization and recommended sources of suppliers (vendors), if known by the user.
- F. Bid/Proposal Form Preparation - Upon court approval of the request based on fiscal year budget, completed and approved specifications, the Purchasing Department will finalize into a bid/proposal.
- C. Advertisement and Notification - The bid/proposal advertisement, prepared by the Purchasing Department stating a brief description of the item(s), where the documents, plan, or specifications may be examined, the time and place for bid/proposal opening, will be published in a local newspaper in two separate weeks prior to the opening. Bid/Proposal openings must be at least fourteen days from the date of the first publication. Bid/Proposal requests shall be furnished to known suppliers and to any supplier requesting an opportunity to respond. Any vendor who fails to respond may be removed from the approved vendor list. Suppliers may be added to the approved vendors list by submitting their request in writing or by completing a Vendor Application Form and returning to the Purchasing Department.

## **EXEMPTIONS**

- (a) A contract for the purchase of any of the following items is exempt from the requirements by V.T.C.A., Local Government Code Sec. 262.023 if the Commissioners Court, by order, grants the exemption:
  - 1. In case of public calamity, to make the purchase promptly to relieve the necessity of the citizens or to preserve the property of the county,
  - 2. An item necessary to preserve or protect the public health or safety of the residents of

the county

3. An item necessary because of unforeseen damage to public property,
  4. A personal or professional service,
  5. Any individual work performed and paid for by the day, as the work progresses, provided that no individual is compensated under this subsection for more than 20 working days in any three month period;
  6. Any land or right-of-way,
  7. Single Source vendor, including:
    - A. Items for which competition is precluded because of the existence of patents, copyrights, secret processes, or monopolies;
    - B. Films, manuscripts, or books,
    - C. Electric power, gas, water, and other utility services; and
    - D. Captive replacement parts or components for equipment;
  8. An item of food,
  9. Personal property sold,
    - A. At an auction by a state licensed auctioneer;
    - B. At a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code; or
    - C. By a political subdivision of this state, a state agency of this state, or an entity of the federal government.
  10. Any work performed under a contract for community and economic development made by the county.
- (b) The renewal or extension of a lease or of an equipment maintenance agreement is exempt from the requirement established by Section 262.023 if the Commissioners Court by order grants the exemption and if:
- 1) the lease or agreement has gone through the competitive bidding procedure within the preceding year;
  - 2) the renewal or extension does not exceed one year; and
  - 3) the renewal or extension is the first renewal or extension of the lease or agreement.
- (c) If an item exempted under Subsection (a)(7) is purchased, the commissioners court, after accepting a

signed statement from the county official who makes purchases for the county as to the existence of only one source, must enter in its minutes a statement to that effect.

- (d) The exemption granted under Subsection (a)(8) of this section shall apply only to the sealed competitive bidding requirements on food purchases. Counties shall solicit at least three bids for purchases of food items by telephone or written quotation at intervals specified by the Commissioners Court. Counties shall award food purchase contracts to the responsible bidder who submits the lowest and best bid or shall reject all bids and repeat the bidding process, as provided by this subsection. The purchasing officer taking telephone or written bids under this subsection shall maintain, on a form approved by Commissioners Court, a record of all bids solicited and the vendors contacted. This record shall be kept in the purchasing office for a period of at least one year or until audited by the county auditor.

## QUOTATIONS

The purpose of this procedure is to provide guidance for the regulations that apply to purchase of material, equipment, supplies, repairs, and services that are not required by law to be bid.

These regulations and procedures apply to all purchases less than \$25,000.00.

- A. From \$1.00 to \$500.00 - If the County is purchasing personal property costing at least \$1.00 but less than \$500.00 over an aggregate twelve (12) month period, the county must solicit previously approved vendors and purchase from that vendor.
- B. From \$500.00 to \$5,000.00 - If the County is purchasing personal property costing at least \$500.00 but less than \$5,000.00 over an aggregate twelve (12) month period, the county must solicit vendors by phone, to supply the particular item(s). In the procurement of these item(s), the county must document price quotes from at least three (3) previously established vendors.
- C. From \$5,000.00 to \$10,000.00 - If the County is purchasing personal property costing at least \$5,000.00 but less than \$10,000.00 over an aggregate twelve (12) month period, the county must solicit vendors through written quotations, to supply the particular item(s). In the procurement of these item(s), the county must obtain written price quotations from at least three (3) previously established vendors.
- D. From \$10,000.00 to \$25,000.00 - If the County is purchasing personal property costing at least \$10,000.00 but less than \$25,000.00 over an aggregate twelve (12) month period, the county must solicit vendors through written quotations, to supply the particular item(s). The Originator will send their request to the Purchasing Department, the Purchasing Department will send out Request for

Quotation forms with the specifications, date needed, quantity, etc. The opening will be stated and held in the Purchasing Department. The low bidder meeting or exceeding minimum specifications will be awarded the item(s) quoted.

Items B, C, & D above are subject to audit, these quotes should be written down and the documentation kept by the County. Written quotations from the vendors must be sent to the Purchasing Department for retention.

## **QUOTATIONS AND BID AWARD**

These guidelines shall apply to all purchases requiring quotations or competitive bids.

The general practice of the county shall be to accept the lowest responsible bid or price quotation as specified and on equal product standards.

If the County receives two or more quotes or bids from responsible bidders that are identical in amount, as the lowest and best bid, the County shall select only one bidder by casting lots.

## **STATE CONTRACT AND CATALOGUE PURCHASES**

The General Services Commission Cooperative Purchasing Program offers an opportunity to purchase goods and services from state term contracts and the QISV Catalogue Purchasing Program. Local Government Code Sections 271.081 - 271.083 provide the legal authority for participation. A local government that purchases an item under a state contract satisfies any state law requiring the local government to seek competitive bids for the purchase of the item.

### **STATE CONTRACT PURCHASES**

The award of any contract from the State contracts catalogue shall be in writing, approved and signed by either the Purchasing Agent, if less than \$15,000, or by the Commissioners Court if more than \$15,000, prior to any services being rendered. Change orders to contracts must be processed through the Purchasing office. The Purchasing Agent is authorized to execute any change orders that result in a change of no more than 10% in the aggregate to the contract price. The total amount of the contract may not be increased if funds are not available to accommodate the change.

The user department will be responsible for monitoring and documenting contractor performance and compliance. Any non-compliance must be documented and forwarded to the Purchasing Department. If poor performance or non-compliance with the contract is evidenced, Purchasing will be responsible for initiating the corrective action with the vendor.

### **STATE CATALOGUE PURCHASES - QISV PROGRAM**

The Qualified Information Systems Vendor (QISV) Program was created to provide a timely means for the purchase of automation and telecommunications products and services. Once approved by the GSC as a QISV, a vendor is allowed to sell directly to Smith County through an approved catalogue of products and services. The QISV program meets all competitive bidding requirements.

The award of any contract under the QISV Catalogue Program will follow the same procedures as set forth above for state contract purchases.

Smith County should utilize the RFO process to negotiate published catalogue prices. An RFO provides a method of negotiating prices, terms, and conditions with catalogue vendors. It assumes that negotiation for "best value" will occur with catalogue vendors, instead of making selections for goods and services based on the published prices, terms and conditions in the catalogues.

Smith County requires evaluation of three qualified information system vendor (QISV) proposals, when possible, prior to purchases of automated information system purchases valued at more than \$2,000 unless the best value may be obtained from another purchasing method authorized under Texas Government Code, Chapter 2155. If it is not possible to evaluate three QISV proposals, a statement should be attached to the purchasing file as to the reasons for that fact.

## PURCHASE REQUESTS

Each department must furnish the Purchasing Agent with a list, if other than the elected or appointed official, of employees authorized to sign a requisition for purchase. It is the department's responsibility to insure that all authorized personnel have read and understand the policies and procedures of this manual.

A requisition must be submitted to the Purchasing Department for any supplies, parts, repairs, or other purchases to be made. Requisition books are available in the Purchasing Department. The Purchasing Agent or designee will review and approve all requisitions for budgetary compliance before issuing a purchase order. The issuance of a purchase order will encumber available funds and provide budgetary control.

Any stock items will be delivered by the next business day. Non-stock items that are currently not bid items are subject to the procurement of three price quotes prior to the issuance of a purchase order.

All Smith County purchases must be authorized by the Purchasing Department with a purchase order number prior to any vendor order. Any purchase not following this procedure may be considered void and returned to the vendor.

Request for travel expenses, membership dues, etc. should be requested in the same manner, but will be issued directly through accounts payable.

## EMERGENCY PURCHASE ORDERS

If an "EMERGENCY" purchase order is needed, approval must be obtained first. ***Improper planning cannot be considered a true emergency. Care should be taken that emergency purchases do not result from improper planning.***

When an emergency situation exists, the Purchasing Agent must be contacted to ensure compliance with the Purchasing Act. In a declaration of a local state of disaster, the County Judge would be the authority to approve purchases. Emergency, as used in the Purchasing Act and this manual, is different from emergency as used in Chapter 63 of the Smith County Policies, Procedures, and Regulations Manual which defines a local state of disaster.

## EXPEDITING PURCHASE ORDERS

In order to accomplish prompt receipt of materials as required by the County, the Purchasing Department shall:

- A. Review and process requisitions on a daily basis (normally within a two to four hour period but no longer than a normal working day; unless a problem exist with a requisition).
- B. Examine and expedite all orders past due.
- C. Follow up with past due orders via phone and/or facsimile

### **COUNTY-WIDE INVENTORY**

Per V.T.C.A., Local Government Code Sec. 262.011(l), "On July 1, of each year, the county purchasing agent shall file with the county auditor and each of the members of the board that appoints the county purchasing agent an inventory of all the property on hand and belonging to the county and each subdivision, officer, and employee of the County".

This inventory consist of all county property valued at over \$499.99 and has a useful life of at least one year. The Purchasing Department will tag property, enter information on the inventory (cost, make, model, serial number, etc.), and keep track of the location of property until declared by the Commissioners Court as salvage and/or surplus.

### **TRANSFER AND STORAGE OF SURPLUS INVENTORY**

The Purchasing Department is responsible for all county inventory. When an office/department considers an item to be of no further benefit arrangements for the transfer and storage of this specific item will proceed as follows:

- A. Each office/department must fill out a Smith County Inventory Form and must be signed by the department head or elected official. The completed (original) form must be submitted to the Purchasing Department.
- B. Each office/department will be notified by the Purchasing Department when property will be picked up. The removal of any surplus or salvage will depend on availability of space and manpower.
- C. All surplus will be made available to offices/departments on a first come basis.

### **DISPOSITION OF SURPLUS INVENTORY**

The Purchasing Department is responsible for the disposition of surplus inventory. Every department will be given a list of surplus inventory prior to being sold at auction.

When property is determined to be surplus/salvage, is no longer needed, is in unusable or unsafe condition, it shall be disposed of as outlined below.

Items purchased by Federal Funds or Grants Funds shall be handled in accordance with their

respective regulations. The originating department must follow the following procedure:

- A. Originator must complete a Smith County Inventory Form and send original form to the Purchasing Department for processing
- B. Purchasing Agent or designee will inspect the property and will make a determination on the nature of the surplus property.
- C. On the recommendation of the Purchasing Agent, the Commissioners Court, by approval, may declare the property surplus and no longer needed by the county and authorize disposal of the property.
- D. Disposal will be as follows:
  1. Inventory tags will be removed (by Purchasing prior to auction) and a list will be given to the County Auditor.
  2. Property will be turned over to an approved auctioneer, the auctioneer will be responsible for following established State of Texas law for the advertisement, soliciting and bidding of property.
  3. Auctioneer will auction the property after publication, as per law.
- E. All sales will be handled by the giving of a check or cashiers check. All proceeds will be given to the County and deposited in the General Fund with the giving and receiving of receipts thereof.
- F. Trade-Ins, items that are beyond repair, no longer of use, or surplus may be traded-in on more useful like items, with approval of Commissioners' Court.
  1. Originator must complete a Smith County Inventory Form and send the original form to the Purchasing Department for processing.
  2. Commissioner's Court must authorize the trade-in, prior to trade-in.
  3. In all cases where property is declared surplus, property shall be removed from County Inventory by the Purchasing Department. ***Since title to all personal property is vested to Smith County, no property may be sold, traded, or disposed of without Commissioners Court action, with the following exceptions:***
    - a) Scrap building materials,
    - b) Parts of equipment that cannot be used or identified. In such cases, the Purchasing Agent shall inspect the personal property and declare them scrap, making a written notation for the record of the nature of the item(s), the reason for scraping, and the date

of disposal. Such records shall be kept for at least three years.

## **RELOCATION OF FURNITURE AND EQUIPMENT**

The moving of county inventory must be coordinated with the Purchasing Department. Each department must complete a Smith County Inventory Form and submit the original form to the Purchasing Department for processing.

The Purchasing Department is not responsible for assembly or the disassembly of furniture, equipment, etc. All items must be cleared away from the property to be moved.

All requests to move computer equipment and/or peripherals must be approved and coordinated by the Facilities Management Department and the Purchasing Department.

## **VENDOR RELATIONS**

It is Smith County's policy to maintain and practice the highest possible standards of business ethics, professional courtesy, and competence in all of our dealings. At all times, applicable laws must be scrupulously observed. In this regard, the following should be observed when dealing with suppliers and/or their representatives:

- A. To accord prompt and courteous reception, as well as fair and equal treatment, to all suppliers and their representatives,
- B. Provide equal opportunity for all suppliers to offer price quotes and products,
- C. Guarantee the confidentiality of all price quotations made by vendors,
- D. Explain as clearly and fully as possible to suppliers the reason for any rejection of prices and/or quotes provided,
- E. Remain scrupulously free from obligations to any supplier,
- F. Keep informed about sources of supply, current methods, services, and material; encourage their testing of new product samples,
- G. If, for any reason, one vendor is permitted to re-quote, his competitors will be given the same opportunity. Re-quoting should be restricted to an absolute minimum

## **VENDOR PERFORMANCE EVALUATIONS**

The Auditors' Office, and Purchasing Department personnel deal with vendors on a continuous basis. It is important that information be recorded about specific performance of all vendors.

The Purchasing Department welcomes any useful and constructive evaluations from departments. This information will be useful for the Purchasing Department to monitor and effectively stimulate vendor activities and performance.

The Vendor Performance Evaluation form is available in the Purchasing Department.

### **ETHICAL PRACTICES**

Employees shall avoid activities which would compromise or give the perception of compromising the best interests of Smith County. Employees shall not knowingly use confidential proprietary information for actual or anticipated personal gain.

### **CONFLICTS OF INTEREST**

Employees shall avoid any activity that would create a conflict between their personal interests and the interest of Smith County. Conflicts exist in any relationship where a person is not acting in the County's best interest and may be acting in their own best interest or the interest of someone associated with them. Such conflicts would include being involved in any procurement in which:

- The employee or any member of the employee's family has a financial interest pertaining to the County procurement process.
- A business or organization in which the employee, or any member of the employee's family, has a financial interest pertaining to the County procurement process; or
- Any other person, business, or organization with whom the employees or a member of the employee's family is negotiating or has an arrangement concerning prospective employment.

If such conflicts of interest exist, the employee will notify the Purchasing Agent in writing and will remove him/herself from the County procurement process.

### **GRATUITIES**

Employees shall never solicit or accept money, loans, gifts, favors, or anything of value from present or potential contractors which might influence or appear to influence purchasing decisions.

### **CONFIDENTIAL INFORMATION**

Employees will keep proponents' and contractors' proprietary information confidential.

Employees will keep County procurement information obtained from and RFQ or RFO confidential until after the contract award if the solicitation provides for it to be kept confidential.

## **APPENDIX**

## VENDOR PERFORMANCE EVALUATION FORM

The Vendor Performance Evaluation Form can be filled out by any employee of Smith County to inform the Purchasing Department of vendor performance. This form must be filled out completely and returned to the Purchasing Department as soon as possible after the occurrence. Be specific as possible to describe the occurrence, good or bad. Please photocopy this form and keep a copy for your records.

Date:

Employee's Name:

Office/Department:

Company Name:

Sales Representatives Name:

Occurrence:

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Signature of Employee



**SMITH COUNTY ASSET CHANGE FORM**

<b>ADD (Circle One)</b>	<b>DELETE (Circle One)</b>	<b>TRANSFERRED</b>
1. Purchased * 2. Traded For 3. Donated 4. Constructed 5. Previously Deleted * Attach copy of invoice	1. Sold 2. Stolen 3. Traded 4. Donated 5. Destroyed 6. Other (Explain)	Tag Number:  FROM: Dept:  Category:  Cost:   TO: Dept: _  Category:  Cost:

**FOR ADDITIONS AND DELETIONS - COMPLETE THE FOLLOWING:**

TAG NUMBER:

DEPARTMENT:

BUILDING CODE:

CATEGORY:

DESCRIPTION:

ACQUIRED:     \_\_\_ / \_\_\_ /

COST:

COMMENTS:

DATE: \_\_\_\_\_

SIGNED: