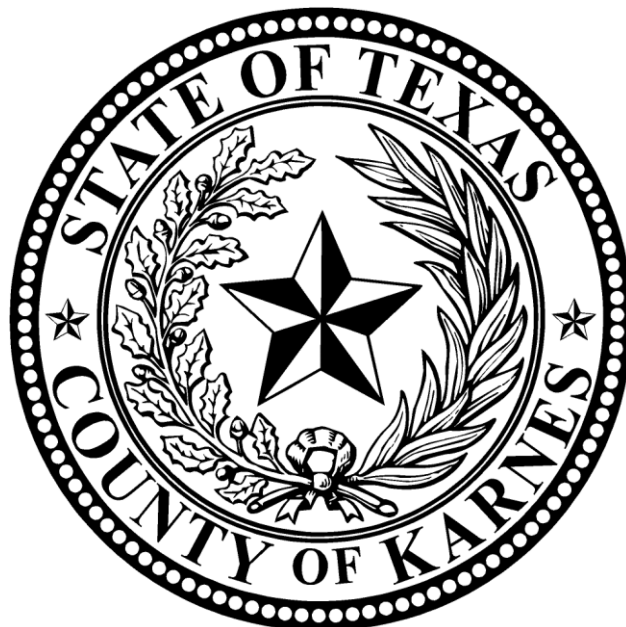


# KARNES COUNTY PURCHASING POLICY

AND

RELATED COURT APPROVED  
PROCUREMENT DOCUMENTS



# KARNES COUNTY

# PURCHASING POLICY



ORDER ESTABLISHING A PURCHASING POLICY FOR  
GOODS AND SERVICES IN KARNES COUNTY TEXAS  
ON APRIL 30, 2021

A handwritten signature in blue ink, appearing to read "W. Hedtke", written over a horizontal line.

Wade J. Hedtke  
County Judge

A handwritten signature in blue ink, appearing to read "Shelby Dupnik", written over a horizontal line.

Shelby Dupnik  
Commissioner, Precinct 1

A handwritten signature in blue ink, appearing to read "James Rosales", written over a horizontal line.

James Rosales  
Commissioner, Precinct 3

A handwritten signature in blue ink, appearing to read "Benny Lyssy", written over a horizontal line.

Benny Lyssy  
Commissioner, Precinct 2

A handwritten signature in blue ink, appearing to read "Sharon Chesser", written over a horizontal line.

Sharon Chesser  
Commissioner, Precinct 4

Tom Dupnick  
County Auditor

Office Of Karnes County Auditor  
119 N. Browne Street  
Karnes County, Texas 78118

# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

## CHAPTER A: GENERAL PROCUREMENT REQUIREMENTS

### 1. PURPOSE

The purpose of this policy is to establish guidelines and accountability for the expenditure of taxpayer funds used to procure goods and services on behalf of Karnes County ("COUNTY"). The processes used to procure goods and services should always provide the best value for the COUNTY, while providing an open and fair process for vendors.

This policy is for the use of COUNTY employees and officials and is designed to assist them in complying with the laws governing COUNTY procurements. This policy does not create any rights of individuals or entities enforceable against the COUNTY.

Special attention shall be given to avoiding the use of procurement strategies designed to avoid formal competitive bidding, including the use of component purchasing (purchasing in pieces rather than purchasing as a whole), separate purchases made in series (purchasing goods in a series of separate purchases that normally would have been combined) and sequential purchasing (purchases made over a period of time that would normally have been made as one purchase), as these practices violate State law (Local Government Code §262.023). All COUNTY employees should be aware of the conditions that dictate the requirements for competitive bidding, requests for proposals (RFPs) and requests for qualifications (RFQs).

The policies contained herein are approved by the Karnes County Commissioner Court ("COMMISSIONER COURT"). Revisions may be made to these policies at the discretion of the COMMISSIONER COURT.

### 2. DEFINITIONS

The terms "purchasing" and "procurement" are separate and distinct terms that are often used interchangeably. In fact, the act of purchasing is only one stage of the procurement cycle. With regard to COUNTY policy, the stages of the procurement cycle are defined as follows.

- o *Planning and Budgeting - Planning is necessary for various efficiency reasons that impact the COUNTY budgetary processes and operational programs. Good planning is necessary in order to consolidate purchases to achieve economies of scale and to ensure that goods and services are procured in a timely manner that satisfies all applicable purchasing and procurement laws and policies.*
- o *Purchasing - The process through which solicitations are issued, offers are made, contracts are awarded, and goods or services received.*
- o *Contract administration - The process of ensuring that the terms of the purchase agreement are enforced, goods and services are satisfactorily delivered, and that bills are paid.*

### 3. APPLICABLE PROCUREMENT LAWS AND STATUTES

All COUNTY EMPLOYEES (which shall be inclusive to mean all elected officials, department heads, and employees who are assigned responsibility for the procurement of goods and services) shall comply with applicable local, state and federal procurement laws, including COUNTY procurement policy established by COMMISSIONER COURT within this document.

The Karnes County Auditor ("COUNTY AUDITOR") shall be designated to act as the purchasing coordinator for the COUNTY.

Generally, in the absence of overriding federal law or grant regulations, Local Government Code, Chapter 262 establishes the COUNTY procurement law. Other applicable local, state, and federal procurement statutes that are applicable to COUNTY procurements include, but are not limited to:

- o *Civil Practice and Remedies Code §106.001 (Non-Discrimination)*
- o *Government Code Chapter 2155 (Purchasing: General Rules and Procedures)*
- o *Government Code Chapter 2251 (Prompt Payment)*

# KARNES COUNTY

## PROCUREMENT POLICY AND PROCEDURES

- o *Government Code Chapter 2269 (Contracting and Delivery Procedures for Construction Projects)*
- o *Government Code Chapter 2254 Subchapters A & B (Professional Services)*
- o *Health & Safety Code §361.426 (Recycled Product Preferences)*
- o *Local Government Code Chapter 262 Subchapter B (Public Works)*
- o *Local Government Code Chapter 262 Subchapter C (Competitive Bids)*
- o *Local Government Code Chapter 271 Subchapter A (Public Property Finance Act)*
- o *Local Government Code Chapter 271 Subchapter B (Competitive Bidding on Public Works Contracts)*
- o *Local Government Code Chapter 271 Subchapter C (Certificate of Obligation Act)*
- o *Local Government Code Chapter 271 Subchapter D (State Cooperation in Local Purchasing Programs)*
- o *Local Government Code Chapter 271 Subchapter F (Cooperative Purchasing Program)*
- o *Local Government Code Chapter 271 Subchapter H (Alternative Project Delivery for Construction Projects)*
- o *Local Government Code Chapter 140.003 (Specialized Local Entities)*
- o *Texas Constitution Article 3 §44*
- o *Texas Constitution Article 3 §51*

#### 4. ETHICAL STANDARDS

It is the policy of the COUNTY that all procurements shall be completed using the highest ethical principles and standards. All COUNTY employees and officials must discharge their duties impartially and in a manner that fosters public confidence in the integrity of the COUNTY procurement process, so as to assure fair competitive access to COUNTY procurements by responsible contractors. Neither position and/or personal influence shall be used to secure special privileges, prices, or exemptions for a COUNTY employee or official. Contracts shall be awarded based on demonstrated competence, lowest cost, and/or best value to the COUNTY.

COUNTY EMPLOYEES shall avoid the appearance of impropriety and/or conflict of interest and shall always act in the best interest of the COUNTY in a manner that is above reproach. COUNTY EMPLOYEES shall not solicit or accept money, loans, gifts, favors, or anything of value, from present or potential contractors, that might influence or appear to influence procurements and/or purchases. Generally, goods or services with a value of \$100 or less in the aggregate from a vendor during the year do not violate this prohibition unless they influence or appear to influence a specific procurement and/or purchasing decision.

If a COUNTY EMPLOYEE has a conflict of interest with the potential to impact a procurement, it shall be the responsibility of that individual to notify the COUNTY AUDITOR in writing of the situation and to remove him or herself from the COUNTY procurement process. If an individual not otherwise involved in a procurement identifies the potential for a conflict of interest, said individual shall notify the COUNTY AUDITOR in writing. The COUNTY AUDITOR shall subsequently consult with appropriate officials as necessary to determine if the employee or official should be removed from the COUNTY procurement process and whether to recommend additional action be considered by COMMISSIONER COURT. A potential conflict of interest shall be considered to exist when:

- o *A COUNTY EMPLOYEE or any member of their family has a financial interest in the results of the COUNTY procurement process; or*
- o *Any other person, business, or organization with whom the COUNTY EMPLOYEE or member of their family is negotiating for or has an arrangement concerning prospective employment.*

# KARNES COUNTY

## PROCUREMENT POLICY AND PROCEDURES

### 5. PROCUREMENT ROLES AND RESPONSIBILITIES

#### A. COUNTY AUDITOR

The COUNTY AUDITOR shall:

- *Monitor all procurement and purchasing by COUNTY EMPLOYEES to ensure compliance with (1) budgetary limits established by COMMISSIONER COURT, and (2) local, state, and federal procurement and purchasing statutes and policies.*
- *Prior to issuing a purchase order, the COUNTY AUDITOR's office will assist COUNTY EMPLOYEES by:*
  - *Verifying the pricing for goods and services receipted against purchase orders.*
  - *Closing open purchase orders upon the request of COUNTY EMPLOYEES. Requests from COUNTY EMPLOYEES to close purchase orders shall be made by the COUNTY EMPLOYEE only after the COUNTY EMPLOYEE has verified that no additional charges will be incurred. When required, the COUNTY AUDITOR shall require formal documentation of same.*
  - *Preparing invoices approved by COUNTY EMPLOYEE for payment by COMMISSIONER COURT.*
  - *Assisting COUNTY EMPLOYEES with preparation of competitive bidding documents. COUNTY EMPLOYEE will be responsible for developing technical specifications to ensure that the purchase meets their needs. The COUNTY AUDITOR's office will develop and maintain COMMISSIONER COURT approved bid procedures, contract exhibits, and general conditions documents to be included in bid packages. Unless otherwise agreed, it shall be the responsibility of the COUNTY AUDITOR's office to incorporate technical specifications supplied by COUNTY EMPLOYEE to develop a complete bid package.*
  - *Assisting COUNTY EMPLOYEES with purchases made using cooperative purchasing contracts and/or state purchasing contracts.<sup>1</sup>*
  - *Monitoring purchasing activities to ensure that they are following State and Federal procurement guidelines, policies, and procedures of state and federal funds.*
  - *Monitoring vendor compliance with contract terms and conditions, quality of goods or services and timely renewal or re-bid.*
  - *Coordinating with COUNTY EMPLOYEES to develop contract award recommendations to COMMISSIONER COURT.*
  - *Supervising the acquisition, tracking, monitoring, disposal, and reporting of COUNTY fixed and controlled asset types in accordance with applicable laws and COMMISSIONER COURT approved policies and procedures.*

#### B. COUNTY EMPLOYEES

The role of a COUNTY EMPLOYEE shall be to ensure that the procurement of goods or services provides the COUNTY with the best value while following applicable state and/or federal procurement laws and guidelines. COUNTY EMPLOYEES shall:

- *Be responsible for procuring goods and services for their department that provides the COUNTY with the best value, in accordance with applicable with applicable local, state, and federal procurement and purchasing statutes and policies.*
- *Be responsible for timely submission of requisitions for procurement of goods and services necessary for the efficient operation of their organization.*
- *Verify budgetary fund availability prior to submittal of all purchase requisitions.*
- *Review packing slips associated with any purchase to make sure that all items purchased are received and that the pricing on the packing slip is correct. For credit card purchases, receipts shall be provided with the statement of the credit card approved by the appropriate COUNTY EMPLOYEE to the COUNTY AUDITOR's office as authorization to pay the credit card statement.*

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<sup>1</sup>COUNTY EMPLOYEES responsible for a procurement shall be responsible for assessing the technical needs of an individual procurement and for recommending the purchase of products that provide the best value to the COUNTY.

# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

## C. VENDORS AND PROSPECTIVE SUPPLIER Responsibilities

The COUNTY welcomes the opportunity to do business with all vendors and desires to foster participation by all businesses offering goods and services utilized by the COUNTY in response to the procurement of goods and services. Vendors and prospective suppliers shall be responsible for:

- o *Requesting clarification, delineation, or explanation of a quote, bid or proposal in writing to either the COUNTY AUDITOR or to the individual specified in the solicitation document when competing for a procurement opportunity.*
- o *Responding to COUNTY requests and solicitations with fair and competitive pricing.*
- o *Delivering commodities and services in a timely manner and in accordance with terms of contracts.*



# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

## CHAPTER B: REQUIREMENTS FOR SPECIFIC PROCUREMENTS TYPES

### 1. COMPETITIVE BID PROCUREMENTS

#### A. GENERAL

Guidelines that govern the specifics of competitive bid procurements are contained in Local Government Code, Chapter 262, Subchapter C. The COUNTY shall conduct all competitive bidding procurements in accordance with this statute. Key requirements contained in this statute are briefly summarized in the bulleted items listed below.

- o *No specifications shall be written with the intent to exclude a potential bidder.*
- o *Competitive bidding IS required on any purchase likely to equal or exceed \$50,000 in the aggregate.*
- o *Competitive bidding IS required on any procurement that can be utilized by the COUNTY across departments and is likely to result in multiple purchases with an aggregate cost that is likely to exceed \$50,000.*

The COUNTY AUDITOR will assist the COUNTY EMPLOYEE(s) responsible for a procurement in order to ensure that the procurement conforms to all local, state, and/or federal procurement statutes. However, it is the responsibility of the COUNTY EMPLOYEE to prepare the technical specifications. The technical specifications are the most important part of the bid documents as they determine the quality of what is received. It is also important for the COUNTY EMPLOYEE to carefully review the bid documents prior to initiating the procurement to ensure that the bid documents meet all the needs of the COUNTY department(s) who will utilize the contract(s) that are ultimately awarded by COMMISSIONER COURT to procure goods and/or services. The COUNTY EMPLOYEE shall also be responsible for preparing the technical specifications far enough in advance of the desired purchase date to allow time for the development of the bid documents, advertisement of bids, tabulation of bids, presentation of contract award recommendations to COMMISSIONER COURT, and signature of contracts resulting from the procurement by the County Judge.

#### B. BID PROCEDURES FOR CONVENTIONAL COMPETITIVE BID PROCUREMENTS

Conventional competitive bid procurements can be let on either a lump sum or unit price basis (Local Government Code §262.028). If unit price bids are solicited, the needed quantities of each item should be estimated to the best of the ability of the COUNTY EMPLOYEE responsible for preparation of the technical specifications of the procurement. The successful bidder's compensation, however, will be based on the actual quantities supplied, furnished, or constructed. In applying competitive bidding and competitive proposal requirements, all separate, sequential, or component purchases of the items are treated as if they are a single purchase and a single contract.

#### C. BID PROCEDURES FOR INDETERMINATE DURATION INDETERMINATE QUANTITY ("IDIQ") COMPETITIVE BID PROCUREMENTS

IDIQ procurements are allowed by Local Government Code §262.023 under provisions described in Chapter 2269 of the Government Code. These procurements are often utilized to establish unit pricing for contracts with that can span multiple work authorizations over one or more terms established in bid documents of the procurement. These types of procurements and the resulting contracts have many benefits, including (1) reducing the amount of time spent procuring goods and services, and (2) establishing more predictable budgetary impacts of procurements and/or projects.

When utilized, these contracts shall solicit unit pricing for goods and/or services in quantities to be determined at a later date (i.e., TBD items) for one or more work authorizations. When TBD items are specified, bid tabulations shall utilize competitive bid scoring processes consistent with the requirements established in Government Code Chapter 2269. Compensation for IDIQ contracts awarded to a successful bidder will ultimately be based on the actual quantities supplied, furnished, or constructed with the unit prices proposed applied to the actual quantities used for a given work authorization. All separate, sequential, and/or component purchases of the items procured via an IDIQ contract shall be treated as being purchased as part of a single purchase via a single contract.

# KARNES COUNTY

## PROCUREMENT POLICY AND PROCEDURES

### D. BID OPENING

The opening of all bids and proposals will be conducted in accordance with Local Government Code §262.026 and in accordance with the following items.

- *The COUNTY AUDITOR will open all formal bids in a public forum on a date and time designated in the documents for the procurement. Competitive bids will be opened and bid prices read aloud. In the case of conventional competitive bid procurements, an apparent low bidder will be declared. Designation of an apparent low bidder is not typically possible for IDIQ procurements, due to the indeterminate nature of the associated quantities and/or the need to evaluate factors other than price in order to determine the lowest and best bidder via a scoring matrix.*
- *Regardless of the type of competitive procurement, a written summary of the bids read aloud will be provided to individuals who attend the bid opening and request to receive a summary of the bids read aloud.*
- *Bids may not be changed or altered after the bid opening.*

### E. BID TABULATION

The COUNTY EMPLOYEE responsible for the procurement shall be responsible for evaluating and tabulating bids received using a competitive bidding process. Factors to be considered during tabulation are established in Local Government Code §262.023 and/or in Chapter 2269 of the Government Code. Determination of lowest and best bidders for conventional competitive bid procurements are generally limited to (1) assessment of the lump sum price submitted, or (2) the aggregate of extended pricing associated with unit prices applied to project quantities. Criteria established in Government Code §2269.055 may be used to score bids received in accordance with methodology described in Government Code §2269.056.

The COUNTY EMPLOYEE responsible for tabulation of bids shall develop and present bid tabulation results to the COUNTY AUDITOR. ONLY THE PRICES SUBMITTED BY THE VENDOR AND READ BY THE COUNTY AUDITOR SHALL BE UTILIZED TO ESTABLISH THE RANKING OF BIDDERS DURING THE TABULATION OF BIDS.

Bids will be awarded to the lowest and best responsible bidder(s), or all bids may be rejected.

### F. CONTRACT AWARD

The COUNTY EMPLOYEE responsible for the procurement shall be responsible for tabulating all bids received and for documenting the tabulation and recommendation for the award of contract(s) to the COUNTY AUDITOR for review.

The COUNTY AUDITOR shall be responsible for evaluating the recommendation from the COUNTY EMPLOYEE responsible for the procurement to ensure compliance with applicable purchasing statutes. Once any questions of compliance with applicable purchasing statutes identified by the COUNTY AUDITOR have been addressed by the COUNTY EMPLOYEE, the COUNTY AUDITOR will prepare a recommendation letter to COMMISSIONER COURT to authorize the issuance of contracts.

Local Government Code §262.0305 allows for the COUNTY to negotiate a modification of the contract after award of the contract but before the contract is made, if the modification (1) is in the best interests of the COUNTY; (2) does not substantially change the scope of the contract; and (3) does not cause the contract amount to exceed the next lowest bid. When appropriate, the COUNTY EMPLOYEE in charge of the procurement shall complete those negotiations for submittal to COMMISSIONER COURT with the award recommendation for review and approval at the time an award recommendation is made to COMMISSIONER COURT to allow the award of the contract to be conditioned with the negotiated pricing. Price adjustments made after a recommendation to award a contract is made to COMMISSIONER COURT will be considered as a modification to the issued contract(s).



# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

## 2. PROFESSIONAL AND CONSULTING SERVICES PROCUREMENTS

### A. GENERAL

COUNTY EMPLOYEES shall purchase professional and personal services in accordance with local, state and/or federal guidelines, policies, or procedures applicable to the procurement. The process for the procurement of professional and consulting services is established in Government Code §2254.

Professional and Personal Services are exempt from competitive bidding and, in most cases, will be obtained through Requests for Proposals or Requests for Qualifications.

### B. RECEIPT OF PROPOSALS

The COUNTY AUDITOR will open competitive proposals in a public forum on a date and time designated in the documents for the procurement. The participants who submit competitive proposals will be acknowledged only, so as to avoid disclosure of the contents to competing participants during the negotiation and evaluation process. However, all proposals shall be available for public inspection after the contract is awarded. Trade secrets and confidential information contained in the proposal must be identified as such by the bidder and will be treated as confidential by the COUNTY to the extent allowable in the Open Records Act.

### C. SELECTION OF SERVICE PROVIDER

The COUNTY EMPLOYEE responsible for the procurement shall be responsible for evaluating proposals for professional services in accordance with Government Code §2254. Subsequently, said COUNTY EMPLOYEE shall document his analysis and submit a recommendation to select one or more service providers to the COUNTY AUDITOR, based on the basis of demonstrated competence, qualification to perform services, and determination that prices proposed represent fair and reasonable prices.

### D. CONTRACT AWARD

The COUNTY EMPLOYEE responsible for the procurement shall be responsible for evaluating cost proposals for professional service and documenting the analysis and recommendation for the award of contract(s) to the COUNTY AUDITOR for review. The COUNTY AUDITOR shall be responsible for evaluating the recommendation from the COUNTY EMPLOYEE responsible for the procurement to ensure compliance with applicable purchasing statutes. Once any questions of compliance with applicable purchasing statutes identified by the COUNTY AUDITOR have been addressed by the COUNTY EMPLOYEE, the COUNTY AUDITOR will prepare a recommendation letter to COMMISSIONER COURT to authorize the issuance of contracts.

## 3. GRANT PROCUREMENTS AND ADMINISTRATION

COUNTY EMPLOYEES who are responsible for initiating grant procurements must strictly adhere to all procurement guidelines, policies, requirements, and procedures in the application, assurances, award, and documentation of state or federal grants, programs, or allocations, including those noted in the Circular OMB A-133 and supplements as applicable by the Catalog of Federal Domestic Assistance (CFDA) Number. The CFDA number is provided for all federal funding sources. Where specific procurement direction is not provided for in OMB A-133 or supplements, the COUNTY EMPLOYEE shall abide by the "common rule" which is published by each separate federal agency.

COUNTY EMPLOYEES must document that any person or vendor (or the vendor's principals) who are paid using a federal grant, program or allocation is/are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from doing business with the Federal Government. COUNTY EMPLOYEE shall "check debarment status on the web" by going to the federal website <http://www.epls.gov> to see if a vendor is on the government list of debarred vendors. The vendor is debarred if listed and is in good standing if not on list.

In order to demonstrate compliance with grant procurement requirements and conditions, the COUNTY EMPLOYEE must document and keep records that provide evidence of compliance for all grant purchases.

# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

## 4. SOLE-SOURCE PROCUREMENTS

Competitive bidding IS NOT required when the COMMISSIONER COURT declares an item being purchased as sole source item. Items considered as sole source purchases typically include patented or copyrighted material, secret processes, natural monopolies, utility services, captive replacement parts, components for equipment, and films, manuscripts or books. Such items may be purchased from a sole source without competitive bidding only after the COUNTY EMPLOYEE certifies the existence of only one source to the COMMISSIONER COURT and enters a finding of such in the COMMISSIONER COURT minutes. (Local Government Code §262.024)

## 5. CATALOG PROCUREMENTS

Competitive bidding IS NOT required for purchases made using existing contracts through state agencies and/or through cooperative purchasing agreements (i.e., "CATALOG PROCUREMENTS").

COUNTY EMPLOYEEs shall coordinate CATALOG PROCUREMENTS through the COUNTY AUDITOR. The COUNTY AUDITOR shall authorize placement of orders for CATALOG PROCUREMENTs. All contracts exceeding \$50,000 will be presented to COMMISSIONER COURT for approval prior to purchase.

# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

## CHAPTER C: RULES FOR SPECIFIC TYPES OF PURCHASES

### 1. CREDIT CARD PURCHASES

Purchases of goods and services made by COUNTY EMPLOYEES using credit cards shall not require issuance of a purchase order. However, it is the responsibility of a COUNTY EMPLOYEE to ensure that credit card purchases can be made within existing budgeted line-item constraints. Failure to ensure that credit card purchases do not exceed approved line-item budgets approved by COMMISSIONER COURT may result in suspension and/or loss of the COUNTY EMPLOYEE credit card.

For credit card purchases, receipts shall be provided with the statement of the credit card approved by the appropriate COUNTY EMPLOYEE to the COUNTY AUDITOR's office as authorization to pay the credit card statement.

For more detailed requirements and responsibilities the use of Karnes County issued credit cards, please refer to the *KARNES COUNTY PURCHASING CARD (P-CARD) POLICY & PROCEDURES MANUAL*.

### 2. COMPUTER TECHNOLOGY PURCHASES

All purchases for high technology items as defined by Local Government Code §262.022, regardless of procurement method, shall be funded from budgeted line items of individual COUNTY DEPARTMENTS. This includes, but is not limited to, computers, printers, scanners, UPS systems, video camera systems, phones, and phone systems.

### 3. EMERGENCY PURCHASES

Emergency purchases may be exempted from competitive procurements in extremely limited circumstances as defined in Local Government Code §262.024. These circumstances specifically include purchases:

- o *Made in case of public calamity as necessary to relieve necessity of the citizens or to preserve the property of the COUNTY.*
- o *Made to preserve or protect the public health or safety of COUNTY residents.*
- o *Made necessary by unforeseen damage to public property.*

When emergency purchases become a necessity, it shall be the responsibility of the COUNTY EMPLOYEE to notify the COUNTY JUDGE and/or COUNTY AUDITOR of the situation as soon as possible, not to exceed a period of 24 hours from when the procurement is necessitated, in order to (1) provide formal notice of the situation, and (2) establish a reasonable time frame for establishing a purchase order requisition.

# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

## CHAPTER D: PROCEDURES FOR PROCESSING PAYMENTS

### 1. GENERAL

The use of purchase orders is an integral part of an effective financial system. Implementation of a purchase order system improves budgetary management, accountability, and oversight. These benefits are experienced due primarily to funds being 'encumbered' (i.e., placed in escrow) at the time a purchase order is issued (see **Figure D-1**). The encumbrance of funds at the time a decision is made to procure goods or services, as opposed to when a purchase is actually made, reduces budgeted fund balances earlier in the procurement process, thereby enhancing the ability of all parties to monitor and assess the budgetary status.

### 2. GUIDELINES FOR COMPLETING REQUISITIONS

Requisitions are required for all purchases (Texas Local Government Code §113.901) and will be treated as a request from a COUNTY EMPLOYEE to the COUNTY AUDITOR to issue a purchase order.

Each COUNTY department may authorize one or more employees to issue requisitions. The COUNTY AUDITOR will work with each COUNTY department to train designated employees to complete requisitions to ensure timely purchase of goods and services.

Prior to making a requisition, the COUNTY EMPLOYEE should (1) seek pricing from various vendors and (2) verify that funds are available in their budget. The COUNTY EMPLOYEE should then complete a requisition in the INCODE System.

**Upon issuance of a purchase order, a copy will be sent to the designated vendor by the COUNTY AUDITOR. Funds required to complete the procurement will be encumbered at the time the purchase order is issued.**

Information required to complete a requisition includes:

- o *Vendor name*
- o *Vendor contact information (unless already entered in the INCODE System)*
- o *Description of items purchased.*
- o *General ledger expense line item.*
- o *Estimated amount of purchase.*

Upon completion of a requisition by the COUNTY EMPLOYEE, the INCODE system will evaluate and verify funding availability. Funds required to complete a procurement become encumbered at the time a purchase order requisition is issued by the COUNTY AUDITOR. Should funds not be available to complete the procurement, the INCODE System will alert the COUNTY EMPLOYEE who submitted the requisition. The COUNTY EMPLOYEE shall be responsible for immediately contacting the COUNTY AUDITOR in order to halt the procurement process so that appropriate fund adjustments can be made prior to a purchase order being issued. Failure by the COUNTY EMPLOYEE to take appropriate action in response to INCODE warnings associated with insufficient funding may result in refusal by the COUNTY AUDITOR to issue additional purchase orders until fund adjustments are identified and completed.

### 3. GUIDELINES FOR FUNDING OF PURCHASE ORDERS

Purchase orders are issued by the COUNTY AUDITOR in response to a requisition submitted by a COUNTY DEPARTMENT. No goods or services shall be procured prior to a purchase order being issued except as defined in CHAPTER C, SECTION 3: EMERGENCY PURCHASES.

It is the responsibility of the COUNTY EMPLOYEE to ensure that the requisition amount will be sufficient to cover all purchases to be made using a corresponding purchase order. While the amount of a purchase order may be adjusted after a requisition is submitted, additional items cannot be added to a purchase order once approved unless the purchase order was initially designated as a blanket purchase order at the time of requisition (see Chapter D Section 4). If the amount of the original purchase changes significantly for reasons beyond the control of the COUNTY EMPLOYEE (e.g. shipping is added to the purchase, the

# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

quantity of product ordered is no longer available, etc.), or the vendor has changed, the COUNTY DEPARTMENT should call the COUNTY AUDITOR's office promptly to advise them of the change and get directions on what steps should be taken.

Upon issuance of a purchase order, a copy will be sent to the designated vendor by the COUNTY AUDITOR. Funds required to complete the procurement will be encumbered at the time the purchase order is issued.

# KARNES COUNTY PROCUREMENT POLICY AND PROCEDURES

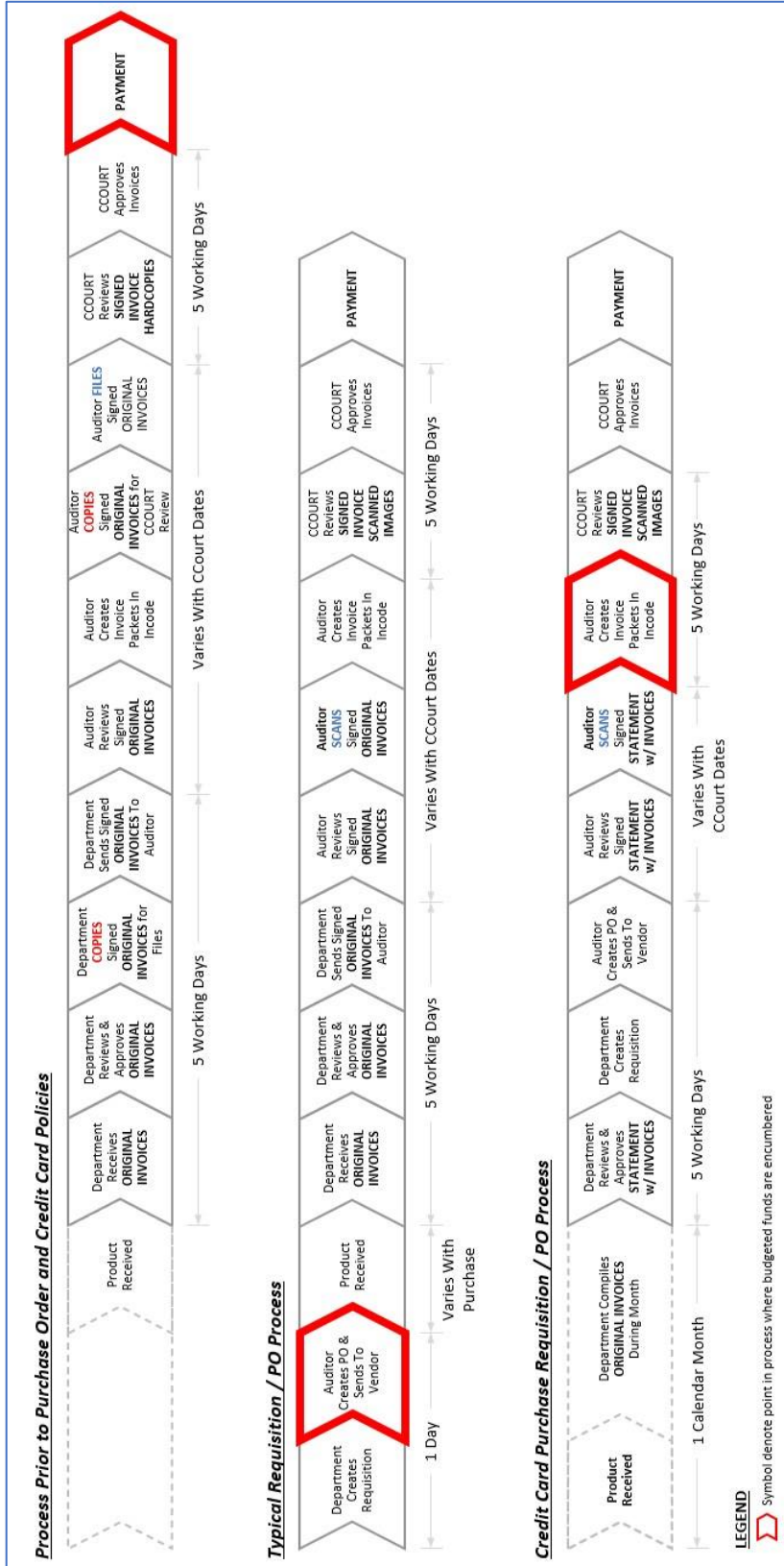


Figure D-1: Procurement Methodologies Showing Points Of Budgetary Impact



# KARNES COUNTY

## PROCUREMENT POLICY AND PROCEDURES

### 4. BLANKET PURCHASE ORDER GUIDELINES

A blanket purchase order authorizes a COUNTY DEPARTMENT to obtain up to a specified dollar amount of material (services or supplies) on a continuing basis from a specific vendor. Such purchase orders are authorized only by the COUNTY AUDITOR's office in appropriate circumstances. (e.g. obtaining rock as needed in variable quantities by the Road & Bridge Department). Any COUNTY DEPARTMENT foreseeing a definite and regular need should contact the COUNTY AUDITOR's office to discuss obtaining a blanket purchase order for such items.

Blanket purchase orders anticipated to exceed \$50,000 during the course of a year must be competitively bid. Blanket purchase orders may not be issued in an amount that would exceed budgeted funds.

### 5. PURCHASE ORDER YEAR END CUT OFF DATES

The COUNTY is under a modified accrual system of accounting. This means that goods must be received or services performed by the end of the COUNTY's fiscal year, September 30<sup>th</sup>, in order for those expenditures to be coded to that fiscal year. Expenses incurred on October 1<sup>st</sup> or later will be an expense in the new fiscal year.

Approximately one (1) month before the end of the COUNTY's fiscal year, the COUNTY AUDITOR's office will establish a cut off deadline for purchase orders to make any "non-emergency" purchases. After the cutoff date, purchase orders will be issued only on a 'critical need' basis. A critical need is defined as an emergency or a situation that would disrupt the COUNTY DEPARTMENT. The failure to place an order, attempting to use remaining budgeted funds, or lack of planning does not constitute a critical need. Notification of this deadline will be in the annual end of year memo which is distributed to all COUNTY DEPARTMENTS. This is done in to allow adequate time to process all of the necessary paperwork to close the books for the end of the fiscal year.

### 6. PAYMENT PROCESSING

Upon receipt of requisitioned goods or services, it shall be the responsibility of the COUNTY EMPLOYEE to receive and thoroughly inspect all orders to ensure that:

- o *The correct items were received (based on the order).*
- o *The shipment was in good condition.*
- o *All goods and/or services conform to the quality and specifications of the order.*
- o *The correct quantity was received (no shortages or back orders).*
- o *The services were performed in a satisfactory manner.*
- o *The pricing was correctly invoiced.*

If the goods or services are unacceptable or are not received, the **COUNTY EMPLOYEE SHALL NOT SIGN THE INVOICE** for approval for payment. Further, it shall be the responsibility of the COUNTY EMPLOYEE to contact the vendor to ensure the defect is corrected prior to payment.

When the proper items in the proper quantities are received in the proper condition, the COUNTY EMPLOYEE should sign the invoice and submit it to the COUNTY AUDITOR's office for payment. If the order comes in as multiple shipments or multiple invoices, it is the responsibility of the COUNTY EMPLOYEE to note or document on the invoice that the purchase order is not yet complete and should not be closed. If an instance arises where the full quantity of merchandise is not received, but due to various reasons the COUNTY EMPLOYEE wishes to consider the order complete as is, the COUNTY EMPLOYEE shall provide written notice on the final invoice that the purchase order is complete and request the purchase order be closed.

At such time as a purchase order is receipted closed, any remaining funds assigned to the purchase order will be unencumbered.