

HUTCHINSON COUNTY



PURCHASING POLICY & PROCEDURES MANUAL

AS PASSED BY COMMISSIONERS COURT ON FEBRUARY 14, 2022

Goals of public purchasing:

- Purchasing the proper goods and services
- Obtaining the best possible price for the goods or services, without sacrificing the quality needed
- Ensuring a continuing supply of goods and services are available where and when needed
- Guarding against the misappropriation of County assets that have been acquired through the procurement process

Public purchasing must also ensure:

- Responsible bidders are given a fair opportunity to compete for the County's business. This can be accomplished by abiding by statutory requirements regarding competitive bids and proposals, and by the County's purchasing policy.
- Public funds are safeguarded. Each department should attempt to see that the best value is received for the public dollar.
- Public spending is not used to enrich elected officials or County employees or to confer favors.

PURCHASING AUTHORITY

The Texas Legislature has enacted purchasing laws. It is the policy of Hutchinson County to comply fully in all aspects with these laws as they are amended from time to time.

These policies and procedures are adopted by the Hutchinson County Auditor and approved by the Commissioners' Court under the authority of the Texas Local Government Code, Chapter 262 (The County Purchasing Act).

In general, the County Auditor interprets these policies and procedures but the Commissioners' Court resolves any question about any interpretation of these policies and procedures when there is a conflict related to an area that is not within the statutory authority of the County Auditor.

In accordance with Texas Local Government Code, Section 113.065, the County Auditor "may not audit or approve a claim unless the claim was incurred as provided by law" and may request an "affidavit indicating the correctness" of a claim against the County.

Purchasing authority for departments:

Each department head/elected official must have a current "**SIGNATURE AUTHORIZATION FORM**" on file with the County Auditor's office to state who is authorized to approve purchases in each department. This form should be updated at the beginning of each fiscal year and any time there are updates to be made due to personnel changes.

PURCHASING CODE OF ETHICS

Responsibility to County:

Employees shall avoid activities that compromise or give the perception of compromising the best interests of Hutchinson County. Employees shall not knowingly use confidential propriety information for actual or anticipated personal gain.

All office supplies, equipment and office machinery will be used only for business related to the operation of County offices and departments. Office equipment and supplies will not be removed from its assigned departmental location for any reason other than for business related to the operation of County offices and departments.

Department heads/elected officials are expected to keep appropriate controls over the use of departmental equipment such as telephones, postage, copy machines, computers and etc. to assure that use of this equipment is not abused and that Hutchinson County is not incurring expense for the personal use of this equipment.

Conflict of Interest:

Employees shall avoid activities that would create a conflict between their personal interests and the interests of Hutchinson County. Conflicts exist in any relationship where the County's best interest may be different from the employee's best interests or the best interest of someone associated with the employee. Conflicts of interest include an employee participating in any way in any procurement in which:

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

If conflict of interest exists, the employee shall notify the County Auditor in writing and remove him or herself from the County procurement process.

Conflict of Interest Disclosure:

State law (Chapter 176, Local Government Code) requires the filing of conflict of interest questionnaires by certain individuals and businesses.

The questionnaires require disclosure describing certain business and gift giving relationships, if any; the filers may have with Commissioners' Court members, the County Auditor, and other elected/appointed officials.

The law applies to:

- Businesses and individuals who contract with the County
- Businesses and individuals who seek to contract with the County, regardless of whether the bidder is awarded the contract.
- Agents who represent such businesses in their dealings with the County.

Compliance is the individual responsibility of each individual, business, and agent who is subject to the law's filing requirement.

If you are required to file a Conflict of Interest Questionnaire, you should file with the Hutchinson County Clerk by mailing it to the County Clerk's office at P.O. Box 1186, Stinnett, TX 79083-1186.

Perception and gratuities:

Employees shall avoid the appearance of unethical or compromising practices in relationships, actions and communications associated with County procurement.

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 a purchasing decision. Generally, goods or services with a value of \$50.00 or less in the aggregate from a vendor during a year do not violate this prohibition unless they influence or appear to influence a specific purchasing decision. If anyone is in doubt about whether a specific transaction complies with this policy, the person should disclose the transaction to the County Auditor for a determination of compliance.

Confidentiality:

Employees shall keep the proprietary information of vendors confidential. Employees shall keep vendor proposal information obtained from a solicitation confidential until after contract award.

PURCHASING POLICY

All purchases for requirements and operation of Hutchinson County must be made in accordance with Texas State Statutes and must be for legal, ordinary and necessary purposes. Prior to payment the County Auditor will audit all payments for legality with the various Texas State Statutes and approve the purchases for submission to the Commissioners' Court. The Commissioners' Court will approve all payments for ordinary and necessary purposes. Invoices not approved for payment by either the County Auditor or the Commissioners' Court will be returned to the department head/elected official responsible for the purchase for disposition.

All purchases will be for a quantity suitable to the purpose and at the least possible expense to Hutchinson County.

Purchasing don'ts:

- Do not purchase any goods or services for your own personal benefit.
- Do not obligate the purchase of goods that are delivered for use on a trial basis.
- Do not commit to acquire goods or services without the appropriate authorization. Anyone obligating an expenditure of funds for goods and services before securing the appropriate authorization may be held personally responsible for the payment and may face criminal charges.
- Do not use purchasing strategies that violate the law to avoid competition. Strategies that are prohibited by law include:
 - Purchasing a series of component parts that would normally be purchased as a whole (component purchases)
 - Purchasing items in a series of separate purchases that normally would be purchased as a single purchase (separate purchases)
 - Purchasing items over a period of time that normally would be done as one purchase (sequential purchases)

A county officer or employee who intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of Texas Local Government Code, Section 262.023, is committing a Class B misdemeanor according to Texas Local Government Code, Section 262.034(a).

Do not violate or authorize the violation of the Purchasing Act. Any person who knowingly violates or authorizes the violation of the Purchasing Act, including an agent or employee of the County or of a department of the County commits a criminal offense which is a misdemeanor. Each act in violation of the law is a separate offense, Texas Local Government Code, Section 262.011(m).

SALES TAX EXEMPTION:

Hutchinson County is exempt from Texas sales tax. Any purchase made for goods and/or services should be exempt from Texas sales tax. When purchasing from a vendor, a Texas Sales and Use Tax Exemption Certificate (Form 01-339) should be used to notify the vendor of the County's tax exempt status.

If making a purchase in person, please be sure to take this form with you to the vendor so that sales tax is not added to the purchase. If requesting reimbursement for goods and/or services bought personally, sales tax paid **will not** be included in the reimbursement amount. A copy of the signed exemption form (Form 01-339) can be found on the County Auditor's page of the Hutchinson County website.

PURCHASING PROCEDURES

Purchases for less than \$1,000:

Any purchase for goods or services less than \$1,000 may be presented to the County Auditor's office for payment with a vendor invoice containing an authorized signature, date of approval and appropriate budget line item code(s). It is the department's responsibility to obtain competitive pricing.

The department may also request a purchase order by completing the "**PURCHASE ORDER REQUEST**" form and submitting it to the County Auditor either by email or interoffice mail.

It is the responsibility of the department head/elected official or their authorized personnel to ensure that funds are available in their budget. If funds are not available, please see the "Budget Amendments" section.

Purchases for \$1,001 - \$5,000:

Any purchase for goods or services for \$1,001 - \$5,000 must be submitted to the County Auditor's office **PRIOR TO PURCHASING** to obtain an authorized purchase order. It is the department's responsibility to obtain competitive pricing. A purchase order can be requested by completing the "**PURCHASE ORDER REQUEST**" form and submitted to the County Auditor by email or interoffice mail.

It is acceptable to attach a quote to the "**PURCHASE ORDER REQUEST**" form and write "See Attached" and the total cost on the form.

Once the "**PURCHASE ORDER REQUEST**" form has been received, the County Auditor's office will issue a purchase order for the requested item(s) and email it to the requestor within 1-2 business days. The requestor will then submit the purchase order to the vendor and order the product.

After the items have been received by the department, a copy of the purchase order, packing slips (if any) and the vendor's invoice should be sent to the County Auditor's office with the appropriate signature(s) and the date the merchandise was received.

It is the responsibility of the department head/elected official or their authorized personnel to ensure that funds are available in their budget **PRIOR TO PURCHASING**. If funds are not available, please see the "Budget Amendments" section.

Purchases for \$5,001 - \$10,000:

Any purchase of goods or services for \$5,001 - \$10,000, the department shall attempt to obtain quotes from multiple vendors (preferably 3) to ensure that the County is receiving the lowest and/or best price. Phone quotes and online pricing are acceptable forms of quotes. If multiple quotes cannot be obtained, explanation must be included on the "**PURCHASE ORDER REQUEST**" form stating why multiple quotes were not obtained.

Once the department receives the quotes, it must be submitted to the County Auditor's office **PRIOR TO PURCHASING** to obtain an authorized purchase order. A purchase order can be requested by completing the "**PURCHASE ORDER REQUEST**" form with the information of the vendor the requestor chooses and submitting it to the County Auditor by either email or interoffice mail. The other quotes should be noted on the "**PURCHASE ORDER REQUEST**" form.

It is acceptable to attach a quote to the "**PURCHASE ORDER REQUEST**" form and write "See Attached" and the total cost on the form.

Once the "**PURCHASE ORDER REQUEST**" form has been received, the County Auditor's office will issue a purchase order for the requested item(s) and email it to the requestor within 1-2 business days. The requestor will then submit the purchase order to the vendor and order the product.

After the items have been received by the department, a copy of the purchase order, packing slips (if any) and the vendor's invoice should be sent to the County Auditor's office with the appropriate signature(s) and the date the merchandise was received.

It is the responsibility of the department head/elected official or their authorized personnel to ensure that funds are available in their budget. If funds are not available, please see the "Budget Amendments" section.

Purchases for \$10,001 - \$50,000:

Any purchase of goods or services for \$10,001 - \$50,000 **MUST BE** quoted from multiple vendors (preferably 3) to ensure that the County is receiving the lowest and/or best price.

Once the purchaser receives the quotes, it must be submitted to the County Auditor's office **PRIOR TO PURCHASING** to obtain an authorized purchase order. A purchase order can be requested by completing the "**PURCHASE ORDER REQUEST**" form with the information of the vendor the requestor chooses **ALONG WITH** the quotes/proposals that were received from the different vendors and emailing it to the County Auditor.

Once the "**PURCHASE ORDER REQUEST**" form has been received, the County Auditor's office will issue a purchase order for the requested item(s) and email it to the requestor within 1-2 business days. The requestor will then submit the purchase order to the vendor and order the product.

After the items have been received by the department, a copy of the purchase order, packing slips (if any) and the vendor's invoice should be sent to the County Auditor's office with the appropriate signature(s) and the date the merchandise was received.

It is the responsibility of the department head/elected official or their authorized personnel to ensure that funds are available in their budget. If funds are not available, please see the "Budget Amendments" section.

Purchase for over \$50,001:

Any purchase of goods or services of more than \$50,001 will be made on formal bid or proposal in accordance with Texas Local Government Code, Chapter 262.

The request to advertise for bids/proposals along with the appropriate specifications should be submitted directly to the Commissioners' Court in open meeting. A **"REQUEST FOR SEALED BID"** form shall be used to outline the specifications of the bid requests.

Upon approval of the specifications and authorization to advertise by the Commissioners' Court, the County Auditor will place the necessary advertisements and notices for the bid/proposal. According to Texas Local Government Code, Chapter 262, "the County must provide notice at least once a week for two consecutive weeks in a newspaper of general circulation in the county" and "the date of the first publication must be at least 14 days before the date of the bid opening". It is Hutchinson County's local policy to post the notice on the County website and advertise in the Borger News Herald.

All formal bids/proposals will be received by the County Auditor. The bids/proposals will be opened publicly in the County Auditor's office one week before the meeting at which the County Commissioners' will consider the bids/proposals and will be available for study at the County Auditor's office.

The Commissioners' Court will consider the bids/proposals and will award the bid/proposal to the lowest and best bidder/proposer taking into consideration the recommendation of the appropriate department head/elected official.

After the bids/proposals have been awarded, the County Auditor will issue a purchase order for the requested item(s) and email it to the requestor within 1-2 business days. The requestor will then submit the purchase order to the awarded bidder to start the project or order the goods or services.

After the project is complete or the items have been received by the department, a copy of the purchase order, packing slips (if any) and the vendor's invoice should be sent to the County Auditor's office with the appropriate signature(s) and the date the merchandise was received.

It is the responsibility of the department head/elected official or their authorized personnel to ensure that funds are available in their budget. If funds are not available, please see the "Budget Amendments" section.

Cooperative Purchase Agreements:

The use of purchasing co-ops are allowed under Local Government Code, Chapter 271, Subchapter F. A purchase made under this subchapter is deemed to satisfy state law requiring competitive bidding. However, it is the policy of Hutchinson County to obtain multiple quotes for all purchases over \$10,001. Therefore, any purchase over \$10,001 **must** include multiple quotes (preferably 3).

Purchase Order Request form:

In order for the County Auditor to process the “**PURCHASE ORDER REQUEST**” form in a timely manner, you will need to include the following information on the form:

- Date the purchase order is requested
- Vendor complete name, address and telephone number
- Department name and exact place where item is to be delivered
- The department account number to which the expenditure is to be charged
- The quantity desired
- An exact description of the item
- The use for which the item is to be put
- Quoted price
- Signature of the department head/elected official or his authorized representative.

Purchase order record keeping:

The purchase order should be prepared with three parts.

- The first part (original) should be held until the goods/services are received and verified as to quantity and amount. After verifying that the goods/services are in order, the department head/elected official or their authorized representative should sign the purchase order and submit it along with the vendor’s invoice to the County Auditor’s office for payment.
- The second part may be signed by the department head/elected official and forwarded to the vendor supplying the goods/services. The department head/elected official may also order the goods/services by any other method of communication.
- The third part should be retained by the department for its records.

EMERGENCY PURCHASES

Emergency purchases should be curtailed by proper planning and anticipating needs far enough in advance that regular purchasing procedures may be followed. Emergency purchases may be made without obtaining a purchase order or multiple quotations with the department head/elected official’s approval and should **ONLY** be made to keep buildings and machinery in operating condition when their idleness would result in expense to Hutchinson County or for extreme emergency cases involving public health and welfare cases. In the case of emergency purchases, the purchase order or vendor invoice should be marked “**EMERGENCY PURCHASE**”. Emergency purchases are subject to approval by the Commissioners’ Court.

PROJECT MANAGEMENT

County capital projects under \$50,000 will be under the direction of the appropriate department head/elected official. All county capital projects over \$50,000 will be under the direction of the county judge unless the Commissioners' Court, by order, appoints someone else to be responsible for the project.

BUDGET RESPONSIBILITIES

It is the responsibility of the department head/elected official to ensure that funds are available in their budget before purchases are made. Purchase orders should not be issued for goods or services that do not have an unencumbered budget balance. The County Auditor is required, by statute, to disapprove any payment that exceeds the budgeted amount. Disapproved purchase orders or request for payments will be returned to the department head/elected official for disposition.

If funds are not available, you must request a line item transfer from the County Auditor before the purchase is made.

Line Item Transfer:

A line item transfer is made when the department head/elected official wishes to transfer an amount from one of their expenditure line items to cover a deficit in another expenditure line item. For example, to transfer \$200 from the department's travel line item to the department's office supplies line item.

To request a line item transfer, a "**LINE ITEM TRANSFER REQUEST**" form must be completed, signed by the department head, and sent to the County Auditor. The County Auditor will present the request at the following Commissioners' Court for approval. Once approved by the Commissioners' Court, the County Auditor will post the budget adjustment.

ACCOUNTS PAYABLE

The Commissioners' Court, at a public hearing, must approve all accounts payable prior to payment. All vendor invoices and purchase orders must be submitted to the County Auditor's office the week before Commissioners' Court. Commissioners' Court is generally held on the 2ND and 4TH Monday of the month. The County Auditor's office will stop processing accounts payable for Commissioners' Court on the Thursday before at 10 AM. Any vendor invoices and purchase orders received after that time will be processed for the next Commissioners' Court.

MISCELLANEOUS

Trade-ins:

If a purchase requires a trade-in, such as an automobile, office machines or other equipment, the department head/elected official should request approval of the trade-in from Commissioners' Court prior to the purchase of the new asset.

Lease Purchase Agreements:

All lease purchase agreements must be approved by the Commissioners' Court and signed by the County Judge unless the Commissioners' Court authorized someone else to sign the agreement. All lease purchase agreements must contain the "government clause" authorizing the return of the equipment if the Commissioners' Court does not appropriate funds for the lease purchase in a future year. Failure to comply with this provision will result in the department head/elected official becoming liable for any losses sustained by Hutchinson County.

Service Agreements:

All service agreements must be approved by the Commissioners' Court and signed by the County Judge unless the Commissioners' Court authorized someone else to sign the agreement. All service agreements for a period which terminates in a future fiscal year must contain the "government clause" authorizing the cancellation of services if the Commissioners' Court does not appropriate funds for the service in a future year. Failure to comply with this provision will result in the department head/elected official becoming liable for any losses sustained by Hutchinson County.

GENERAL RULES

County employees, with the exception of members of the Commissioners' Court, will be allowed to bid on surplus property offered to the public at public auction, just as any other citizen of Hutchinson County.