

POLICY #4

## **PURCHASING POLICY & PROCEDURES**

DATE ADOPTED: 02-27-17  
MINUTE BOOK: 40 PAGE 109

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**PURPOSE:** To set forth the purchasing policy and purchasing procedures of the Houston County Commission (“the Commission”).

**GENERAL AUTHORITY:** The competitive bid requirements for County purchases or contracts other than contracts for “public works” (as defined in § 39-2-1(5)) are set forth in ALA. CODE §§ 41-16-50 through 46-16-79 (1975, Supp. 2007). (“the Bid Law”) ALA. CODE of 41-16-50 states in pertinent part as follows:

With the exception of contracts for public works whose competitive bidding requirements are governed exclusively by Title 39, all expenditure of funds of whatever nature for labor, services, work, or for the purchase of materials, equipment, supplies, or other personal property involving fifteen thousand dollars (\$15,000) or more, and the lease of materials, equipment, supplies, or other personal property where the lessee is, or becomes legally and contractually, bound under the terms of the lease, to pay a total amount of fifteen thousand dollars (\$15,000) or more, made by or on behalf of county commissions shall be made under contractual agreement entered into by free and open competitive bidding, on sealed bids, to the lowest responsible bidder.

**POLICY:**

- A. The Chief Administrative Officer of the Houston County Commission (“CAO”) is the designated Purchasing Agent for the Houston County Commission.
- B. For purchases that do not require competitive bidding, the Purchasing Agent is authorized to make and consummate those purchases of the County as approved by the Houston County Commission through either the current years adopted budget or as outlined in the budget amendment procedure.
- C. Purchases requiring competitive bidding will be presented to the Houston County Commission for approval letting and awarding of bids.
- D. Purchasing Limits:
  - 1) The purchasing agent, or his designee, may make and execute purchases as authorized by the Houston County Commission for which State Bid Law does not require competitive bidding.
  - 2) All purchases must be approved or authorized by the Houston County Commission.

3) Unless an exception has been approved in writing by the Purchasing Agent, a purchase order shall be used to document all expenditures of public funds for the purpose of internal controls and/or voucher procedures. Authorized exceptions for consideration may include certain recurring expenditures and services including electric, gas and water bills, county-paid portions of insurance premiums for employees, FICA payroll expenditures, etc. Such exceptions must be approved by the Purchasing Agent in writing.

4) Prior to any purchase, the Purchasing Agent or his designee must verify available funds. However, to facilitate the purchasing process, recurring purchases to a single vendor may be approved with an open (blanket) purchase order.

E) Open Purchase Orders:

Open blanket purchase orders may be issued for up to a three month (90 day) period. The purchase order is to be issued with an estimate of the total expenditure for the period purchases. At the end of each month, invoices are to be signed by the individual making the purchase or receiving the merchandise. Such "quarterly" approved purchase orders must comply with all purchasing guidelines and applicable competitive bid laws.

F) Emergency purchases involving less than \$15,000:

An emergency shall be declared whenever there is a dire need for the procurement of goods and services arising out of an accident or other unforeseen events or conditions whereby circumstances affecting public buildings, public property, or the life, health and safety of individuals are involved.

A) When less than \$15,000 is involved, the following procedures will apply:

1) If the emergency occurs after hours, on weekends, or on holidays which requires immediate action in the best interest of the County, the purchase may be made by the department head. The purchase will be reported the following workday without delay. Justification and details shall be submitted in writing including the location of the purchase.

2) The Purchasing Agent will assign a purchase order number and date the purchase order as of that day. A notation will be made on the purchase order as to the actual date of the purchase. Written justification will be attached to the purchase order.

3) If said expenditure is not an approved budget item, or exceeds the departmental budget, the approval of the Houston County Commission or the Chairman of the Houston County Commission shall be required. The bids/quotes, if any, amounts of purchases and letters of justification shall be added to the minutes of the next Houston County Commission meeting for proper authorization of funding.

4) The individual requesting the emergency purchase order must indicate in writing, what would happen in his or her judgment if an emergency purchase was not approved and the danger to public health, safety or convenience involved in delay.

B) Emergency purchases involving expenditures of funds equal to or exceeding \$15,000.

If the conditions require a purchase that would otherwise require competitive bidding under the Bid Law and it is necessary to purchase the item due to an emergency, the following procedure will apply:

- 1) As provided in the ALA. CODE § 41-16-53, in case of an emergency affecting public health, safety or convenience, so declared in writing by the awarding authority, setting forth the nature of the danger to public health, safety or convenience involved in delay, contracts may be let to the extent necessary to meet the emergency without public advertisement. Such action and reasons therefore shall immediately be made public by the awarding authority. The awarding authority is hereby defined as the Houston County Commission.
- 2) Applicable purchase order procedures are to be followed. The individual requesting the emergency purchase must indicate, in writing, what would happen in his or her judgment if an emergency purchase was not approved and the danger to public health, safety or convenience involved in delay.
- 3) The Chief Administrative Officer or if unavailable, his designee should be contacted regarding the situation and reasons for declaration of an emergency purchase situation. The Chief Administrative Officer should communicate such situations to the County Attorney. A written opinion from the County Attorney is advisable.
- 4) If the expenditure is not an approved budget item, or exceeds the departmental budget, the approval of the Houston County Commission or the Chairman of the Houston County Commission shall be required. The bids, amounts of purchase and letters of justification shall be added to the minutes of the next Houston County Commission meeting as required by ALA. CODE § 41-16-53 as amended.

G) Capital Purchases:

Computers regardless of cost, plus all other single item purchases of equipment whose value is \$5,000 or greater and has a useful life of greater than one year (excluding replacement and component parts), are considered capital purchases. Such capital purchases must be tracked through normal capital purchase procedures to include:

- 1) Issuance and attachment of a capital ID number
- 2) Annual capital audit and submission to Accounting
- 3) Upon retirement or disposal, Accounting must be contacted to remove this item from the capital list and remove the ID tag from the capital item.
- 4) If the item is retired prior to completion of its useful life, a written justification for doing so must be submitted to the CAO. The CAO will then submit a written approval/rejection to the requestor.

H) Proper Identification of Items to be Purchased:

All purchase orders should contain the vendor name, quantity, unit, specific part number (SKU – Stock Keeping Unit Number), price per SKU and detailed description of the material being purchased. If an item does not have a SKU number, an adequate description should be provided that will uniquely identify the item and conditions of the purchase.

I) Liability:

Department heads should note that at any time a purchase is made by an individual without following procedures outlined herein that the department head and the individual may be held personally liable unless released from liability by the Houston County Commission by its approval of the purchase or other action of the Commission. Department heads should establish internal controls sufficient to assure that all procedures are being followed.

J) Bid Solicitations and Procedures:

1) Annualized purchases over \$2,500 but less than \$15,000 are to be made after quotations are received from a least 3 responsible vendors. Annualized is defined as projected demand for an item between the period October 1st of the current year through September 30th of the following year. Purchases of less than \$2,500 are expected to be made from a source who is known or believed to be a vendor who provides both competitive prices and dependable delivery and service. If at any time insufficient information concerning competitive prices and delivery is unavailable or the department head has reservations about the under \$2,500 vendor selected, it is advisable that three quotes be obtained even though the purchase amount is less than \$2,500.

Exceptions to Annualized purchase requirements may be granted by the Purchasing Agent for those purchases exempt from the Bid Law and for the following reasons properly documented to substantiate the decision:

- A) Items where such price has been set by the State of Alabama; or
- B) Requirements to maintain a degree of continuity with the original or exiting décor, equipment or programs where an attempt to quote could result in an operational or functional inconsistency; or
- C) When an attempted solicitation of quotes results in no response, orders will be placed with the first reliable sources with suitable price, quality or delivery; or
- D) When lowest and best price has been determined by prior purchases; or
- E) When the Purchasing Agent determines that 3 quotes cannot be feasibly obtained.
- F) Purchases from auctions or surplus dealers where the purchase price from the auction or surplus dealer can be substantiated in writing as lower than fair or reasonable market value.
- G) Purchases from other government entities.

1) No purchase or contract involving an amount equal to or in excess of \$15,000 shall be divided into parts involving amounts of less than \$15,000 for

the purpose of avoiding the requirements of the applicable State Bid law as set forth in Alabama Code Section 41-16-1 et. § All such partial contracts involving less than \$15,000 are void pursuant to the Bid Law.

2) Quoted prices or bids of vendors or suppliers will remain confidential until all quotes or bids are received and the purchase is consummated as provided for herein or until all quotes or bids are rejected. The quote or bid of one person or entity shall not be used to negotiate a lower quote from another.

3) For purchases more than \$15,000 the Houston County Commission, the Purchase Agent, or the department head, if authorized, has the responsibility to accept the quote or bid from the responsible bidder meeting specifications or may reject all bids or quotes.

4) For purchases in excess of \$15,000, all bid procedures as outlined in the Bid Law apply.

2) Utilization of Federal funds:

In the event that Houston County is utilizing Federal Funds in its purchasing operations, Federal regulations will apply.

3) Credit Card Purchases:

All County credit cards will be maintained by the Accounting Manager. Two type credit cards are authorized:

1) General Credit Card to be used for miscellaneous purchases. The General Credit Card shall be applied for and approved by the Purchasing Agent. The Accounting Manager will maintain the General Credit Card and will be responsible for issuing Purchase Orders utilizing the card. The General Credit Card will be used only in those situations where a Purchase Order or other means of payment cannot be utilized. Individuals requiring a General Credit Card purchase will be required to complete and submit a memo to the Accounting Manager indicating the reason for the purchase, the reason that only the General Credit Card must be utilized and other specific purchasing details such as the vendor name, address and/or contact information, part number, description, quantity, unit cost, FOB point and freight cost.

2) Vendor-Specific Credit Cards: Vendor-specific credit cards shall be obtained by the Accounting Manager based on approval from the Purchasing Agent for the purchase of local merchandise on an emergency-only basis, or, where purchase orders may not practically be utilized. The Vendor-Specific Credit Card is authorized only for purchases from a specific local vendor such as SAMS Club, Office Depot, etc. An individual requiring the use of a Vendor-specific credit card will adhere to the following procedures:

- A) The Vendor-Specific Credit Card will be signed-out from the Accounting Manager to the person requesting the card.
- B) The receipt for the merchandise purchased with the card must be submitted to accounting at the time the card is returned.
- C) Cards must be returned to Accounting on the same day they are signed out.

All terms and conditions specific to Houston County Purchasing Policy and The Bid Laws apply to both General Credit Card purchases and Vendor-Specific Credit Card purchases.

Only purchases related to County business are allowed to be purchased with either the General Credit Card or the Vendor-Specific Credit Card.

4) Conflicts of Interests:

No member of the Houston County Commission or employee of Houston County shall be involved in the decision making process or make any recommendations concerning any purchases of or contract for any personal property or contractual services for Houston County if they have a personal financial interest or stake in the outcome of the purchase or contract process.

5) Reservation of Authority:

The Commission reserves the right to change, modify, or amend this policy.

Effective Date and approval:

The effective date of this policy shall be August 1, 2008.

This policy is adopted and approved July 28, 2008 as per the minutes of the Houston County Commission.