



Hamblen County Finance Department

# Purchasing Policies & Procedures

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## I. Introduction and General Information

The purchasing department supports the operations of Hamblen County Government (the County) by functioning as the purchasing unit for the procurement of goods, materials, equipment, and services required by the County; and for the disposal of surplus property owned by the County. The purchasing department, a division of the finance department, is created per Article XVIII of the Amended and Restated Hamblen County Government Financial Management System Policies and Procedures, adopted March 19, 2015.

### a. Purpose of this Manual

The purpose of this manual is to outline and prescribe the policies and procedures in which goods or services must be purchased or disposed of by the County, while ensuring the fair and equitable treatment of vendors who deal with the procurement system of the County. These policies and procedures are based on the rules and regulations amended or adopted, and promulgated pursuant to the laws of Hamblen County Government and the applicable laws of the State of Tennessee<sup>1</sup>.

The provisions of this manual shall replace any previous purchasing policies and procedures. Any part of this manual which may conflict with applicable law shall be null and void. If any portion of this manual is, for any reason, held invalid by a court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not affect the validity of the remaining portions of this manual.

### b. Application of this Manual

- i. Regulations and procedures set forth in this manual apply to the expenditure of all federal, state, and locally appropriated funds for the procurement of any goods, materials, equipment, and services by the County. **All purchases must be for the use or benefit of the County.**
- ii. Regulations and procedures set forth in this manual apply to the County's disposition of surplus property, excluding real property.

This manual may be accessed on the County's website. As revisions or additions to this manual become necessary, the purchasing department will post such revisions on the website. If there are any questions concerning this manual, please contact the purchasing manager.

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<sup>1</sup> Amended and Restated Hamblen County Government Financial Management System Policies and Procedures, March 19, 2015; T.C.A. § 5-14, Part 2 County Purchasing Law of 1983.

## II. Purchasing Department and Relations with Departments

- a. Mission.** The mission of the purchasing department is to provide the most cost-effective method of procuring goods, materials, and services for Hamblen County Government while adhering to the procurement laws of Hamblen County Government and the State of Tennessee and while establishing and maintaining a reputation for fairness and integrity.
- b. Objectives.** The overall objective of the purchasing department is to serve as the County's purchasing unit through which the County and its departments may obtain the required quantity and quality of goods or services from responsive vendors, at competitive costs, and in a timely manner. The purchasing department is also to obtain the greatest possible revenue from the disposal of by-products and or surplus, damaged, scrap, or obsolete materials and equipment. Finally, the purchasing department is to furnish members of management with timely information.
- c. Purchasing Department.** The purchasing department is a division within the County's Finance Department, and is located in the Hamblen County Courthouse, Administrative Building, 511 West Second North Street, Morristown, Tennessee, 37814.
- d. Responsibilities.** The purchasing department, which functions as a service for all other departments of the County, will purchase on a competitive basis all goods or services on behalf of each department of the County. The purchasing department must ensure procurements are conducted with integrity, fairness, and openness and in accordance with local and applicable state and federal laws. The purchasing department's responsibilities include, but are not limited to, the following:
- i. Developing policies and procedures for implementing an economical and efficient purchasing system;
  - ii. Reviewing all purchasing contracts for supplies, materials, equipment, and other needs of the County;
  - iii. Ensuring that no purchase or contract be made when the bid prices exceed the current market price for the same merchandise or service;
  - iv. Ensuring that purchases and contracts be awarded based on the lowest and/or best bid;
  - v. Reviewing specifications and changes made by departments to allow for maximum competition of prospective bidders;
  - vi. Preparing formal bids and informal quotes;
  - vii. Collecting sealed bids;
  - viii. Opening sealed bids through a procedure open to the public;
  - ix. Evaluating, comparing, and submitting bids for approval by the Hamblen County Commission;
  - x. Issuing purchase orders and contracts;
  - xi. Verifying the receipt of merchandise or services;
  - xii. Accepting requisitions by the various County departments, agencies, or officials;
  - xiii. Verifying budget appropriations before authorizing a purchase and issuing a purchase order;

- xiv. Providing for emergency purchases, total cost bidding, blanket purchases for small orders, grouping of purchases of the various departments, and other methods for receiving the most competitive price and best bid;
- xv. Ensuring that emergency purchases be limited to needs arising which are not normally foreseeable, and make known the policy that emergency purchases shall not be permissible if a department or agency fails to properly plan for the need, proper purchasing procedures, and delivery time.
- xvi. Ensuring the efficient and orderly disposal of surplus property. The County Commission must approve the requests from County departments to designate County property as surplus. Surplus property may then be disposed of in the most efficient way according to applicable regulations.

### **III. Procurement Methods**

#### **a. Formal Bids. T.C.A. § 5-14-204**

- i. Hamblen County is governed by the County Purchasing Law of 1983, found in T.C.A. § 5-14-201 through 207, commonly known as the “general law”. Purchases of \$25,000 or more are subject to public advertising and competitive bidding except in specific circumstances.
- ii. Purchases for like items, unless covered by an exemption, estimated to cost \$25,000 or more (including leases or lease purchase agreements) in any fiscal year will be competitively bid utilizing a formal sealed bid procedure. Formal bids shall apply to purchases of like items that individually cost less than \$25,000 but are customarily purchased in lots of two (2) or more, if the total purchase price of such items would exceed \$25,000 during the fiscal year. Purchases should not be split to avoid the formal bid requirements. Bid specifications and a suggested vendor distribution list should be provided to the Purchasing Manager by the department making the purchase. The Purchasing Manager will format the specifications into a standard Invitation to Bid. The Purchasing Manager shall solicit sealed bids by public notice inserted at least once in a newspaper of county-wide circulation (i.e., Citizen Tribune), no less than five (5) days prior to the final date for submitting bids. A bid tabulation will be prepared by the Purchasing Manager following the public bid opening. Finance Committee and Legislative Body approval of the best bid is required before a purchase order can be issued. Hamblen County Government reserves the right to accept and/or reject any and/or all bids or parts of bids when doing so serves the best interest of Hamblen County Government.
- iii. The use of a valid Tennessee state-wide purchasing contract (SWC) or the use of an approved in-state and out-of-state purchasing cooperative per T.C.A. § 12-3-105, may be utilized in lieu of a formal sealed bid. (The items available through a State of Tennessee SWC and through an approved purchasing cooperative have been subject to a bid process.)
- iv. In accordance with T.C.A. § 12-3-1203, “piggyback” contracts with cities, counties, utility districts, and other local governments in Tennessee may be considered in lieu of a sealed bid.

- v. Competitive bidding is not required when goods or services may not be competitively procured because of single source or proprietary product situations. These situations must be documented by the department requesting a purchase order, specifying the amount paid and, the items purchased and from whom the purchases were made.
- vi. A report of any sole source or proprietary purchase shall be made as soon as possible to the Hamblen County Commission and the County Mayor, and shall include all items of information as required in the record.
- vii. Certain exemptions are available for the purchase of perishable products and for fuel and fuel products when these items are purchased in the open market. T.C.A. § 5-14-204
- viii. Used or secondhand goods and equipment may be purchased without advertising and competitive bidding as long as the purchasing government documents the general range of value of the item through a listing in a nationally-recognized publication or through an appraisal by a licensed appraiser and the price is not more than 5% higher than the highest values of the documented range. This applies to purchases from private individuals and entities as well as purchases from governmental entities. T.C.A. § 12-3-1202
- ix. Surplus property may also be transferred among governmental entities. T.C.A. § 12-2-420

**b. Informal Quotes**

- i. Applicable Statute: T.C.A. § 5-14-205
- ii. All purchases, leases, or lease-purchase arrangements with expenditures of less than twenty-five thousand dollars (\$25,000) in any fiscal year may be made in the open market without newspaper notice, but shall, wherever possible, be based upon at least three (3) competitive quotes.
- iii. Hamblen County requires purchases of \$5,000 or more, but less than \$25,000, be documented using the form developed by the Purchasing Department. Purchases less than \$5,000 may be made at the discretion of the department head or official. Multiple quotes are encouraged whenever possible.

Price, quality of goods/services, and vendor performance will be taken into consideration. In the event the quote that serves the best interest of Hamblen County Government is not the lowest quote, the department head requesting the purchase shall submit a memo with the three (3) price quotes documenting the reasons the chosen vendor was selected.

- iv. If it is not possible to obtain three (3) quotes, the department head or official should also document the attempts to obtain quotes.

### c. Estimates

- i. The Purchasing Department encourages department heads and officials to make **reasonable estimates** for all goods and services if specific costs or prices are not available. The Purchasing Department recognizes that the best judgement of the department head or official may be the only information available at the time a purchase requisition is submitted.
- ii. **A Purchase Order should always be obtained before a purchase is made.** Do not complete a purchase to obtain the “correct” amount for the purchase requisition. Proper timing in preparing a purchase requisition is more important than an exact amount.
- iii. Estimates are used frequently for repairs and maintenance of vehicles and equipment. The Purchasing Department recognizes that it may not be possible to obtain multiple quotes for maintenance and repair services before extensive examination has been performed on the item. Prepare a purchase requisition based on the best information available at the time and inform the Purchasing Department if the actual cost is significantly different (greater than 10%) from the estimate so the purchase order may be adjusted.

### d. Emergency Purchases

- i. Applicable Statute: T.C.A. § 5-14-204; T.C.A. § 5-21-119
- ii. Emergency purchases shall be limited to needs arising that are not normally foreseeable. Emergency purchases are purchases which are necessary to avert hazards which may threaten health and safety, to protect from damage, or to avoid a major disruption of governmental activities. Emergency purchases shall not be permissible if a department or agency fails to properly plan for the need, proper purchasing procedures, and delivery time.
- iii. A record of any emergency purchase shall be made by the person or body authorizing such emergency purchase, and shall specify the amount paid, the terms purchased, from whom the purchase was made, and the nature of the emergency.
- iv. A report of any emergency purchase shall be made as soon as possible to the County Legislative Body and the County Mayor, and shall include all items of information as required in the record.

## IV. Purchasing Forms

- a. **Purchase Order.** The purchase order is written evidence of the agreement between the buyer and the merchant at agreed upon prices, terms, and delivery dates. Purchase orders are required when purchasing goods and/or services. Purchase orders must be completed **PRIOR TO** goods and/or services being purchased. The

purchasing department reserves the right to refuse to process requests for payment for goods and services if the proper authorization process is not followed.

- b. Purchase Requisition.** The purchase requisition is the method in which the department requests a purchase order for goods and/or services to be purchased. The purchase requisition informs the purchasing department of the goods and/or services needed by the department, and which budgetary line item should be charged for the purchase. A purchase requisition shall be completed by the department head, elected official, or their designee. Purchase requisitions not completely filled out will result in a delay in processing the purchase order.
- c. Vendor Quotation Form.** For purchases of \$5,000 or more but less than \$25,000, documentation must be submitted supporting three (3) written quotes were obtained. The Vendor Quotation Form should be submitted with the purchase requisition and should be totally completed. Support for the quotes should be attached to the Vendor Quotation Form.
- d. Check Request.** The check request is submitted for goods or services that have been classified by the purchasing guidelines as not requiring a purchase order (see list below). Completed check request forms and corresponding invoices are submitted to the Accounts Payable Manager for processing and payment.

Check requests may not be used as a substitute for a purchase order. However, purchase order requisitions may be submitted for any expenditure.

The following items are eligible to be submitted on a check request:

- i. Auditing Services
- ii. Banking Fees
- iii. Boards and Committee Member Payments
- iv. Bonds
- v. Contributions to Component Units
- vi. Freight/Shipping
- vii. Inter-Departmental Billing
- viii. Jury Fees and Election Workers
- ix. Legal Fees
- x. Payroll Reimbursements
- xi. Reimbursements (i.e. travel, mileage, in-service, etc.)
- xii. Utilities
  - 1. Telephone
  - 2. Cell Phones
  - 3. Natural Gas
  - 4. Electricity
- xiii. Vehicle Tags
- xiv. Workers' Compensation Payments



## V. Purchasing with County Purchasing Cards

- a. **Types of Purchasing Cards.** There are two (2) types of County purchasing cards. The first type is a bank credit card issued to a specific individual. The county name and the name of the individual to whom the card is issued are indicated on the card. The second type is a store card such as a Wal-Mart or Food City card and these cards must be checked out of the County Mayor's office. Purchase requisitions must be submitted for purchases with either type of card.
- b. **Bank Credit Cards.** Bank credit cards are issued to a limited number of department heads and employees to facilitate the process for the purchase of low-dollar, non-inventory, and non-capital items. Increasingly vendors, especially on-line vendors, require a credit card to purchase from them.
- c. **Purchasing Card Policy.** The Hamblen County Purchasing Card Policy and an example of the County's Cardholder Agreement are included in Addendum A.

## VI. Purchasing with Grant Funds

County personnel must exercise care to comply with applicable requirements or special terms of any grant agreements or donations. All applicable local, state, and federal regulations must be followed. Purchases made with local, state, and federal grant funds shall be conducted in a manner consistent with each specific grant contract.

If a formal bid process is required either because of bid requirements established by the contract or to comply with Hamblen County's bid process, documentation of the bid process, the proposals received, bid approval, purchase order and delivery receipt will be maintained for five (5) years in the grant file maintained by the county's grant manager or according to the retention schedule required by the specific grant. The use of a valid Tennessee state-wide purchasing contract (SWC), the use of an approved in-state and out-of-state purchasing cooperative per T.C.A. § 12-3-105, and piggybacking per T.C.A. § 12-3-1203 may be utilized in lieu of a formal sealed bid.

## VII. Disposal of Property – not including Real Property or Confiscated Property

- a. **Authority to Dispose of Property.** The disposal of county property is within the discretion of the County Commission and is the final step in the procurement process. T.C.A. § 5-7-101 and T.C.A. § 5-1-103
- b. **How to Surplus Property.** Department heads must present the County Mayor's Office with a request to surplus property that is no longer needed by the department. This request will be considered by the Public Services Committee and if approved will be submitted to the County Commission for approval. The property may then be disposed of according to the property. Internet auction will be used to dispose of most property.
- c. **Internet Auction.** Counties are authorized to sell surplus property by internet auction. T.C.A. § 5-1-128

- d. **Sales to County Officials and Employees.** County officials and employees are prohibited from purchasing surplus county property unless property is being sold by public auction or by competitive sealed bid.
- e. **Other Property.** Specific code sections govern disposition of confiscated property and property acquired at tax sales and are not covered in these policies and procedures.

## VIII. Accounting and Budgeting Considerations

- a. **Budget Considerations.** As part of the purchasing process, all purchases will be reviewed for adequate funds. If it is necessary to increase funds in an account, budget amendments should be made and approved prior to expending funds. Any budget amendments between major account groups must be approved by the County Commission. Budget amendments within a major account group may be approved by the County Mayor.

Any budget amendment involving gas or fuel accounts must be approved by the County Commission even if the budget amendment is within a major account group.

## IX. Vendors

- a. **Federal, State, and Local Law Compliance.** Vendors must comply with all federal, state, and local laws and regulations, including but not limited to Title VI of the Federal Civil Rights Act of 1964, prohibiting discrimination in employment practices or in the performance of the resulting contract, on the basis of race, color, national origin, disability, sex, age, religion or political belief, or any other classification protected by federal, state, or local law.
- b. **Equal Opportunity.** Equal opportunity shall be given to all eligible vendors. Each order will be placed on the basis of quality, price, delivery, and service history. Hamblen County Government considers all eligible vendors without regard to race, color, religion, creed, gender, national origin, age, disability, marital or veteran status, or any other legally protected status. Invitations to Bid are open to any vendor, published online, and in local newspapers to encourage all applicable vendors to participate, including Certified Disadvantaged Business Enterprises and other small, minority, and women-owned businesses. Contractors doing business with Hamblen County Government shall indicate their compliance with Title VI of the Federal Civil Rights Act of 1964.
- c. **Purchases from Minority or Women-Owned Businesses, Small Business Enterprises, and Any Protected Class Vendor.** Hamblen County Government extends purchasing opportunities to all minority owned businesses, women-owned businesses, small business enterprises, and any protected class vendor through the public competitive bid process, which includes public notice of all sealed bid

opportunities. All protected class vendors are encouraged to do business with Hamblen County Government.

**d. IRS Form W-9.** To comply with Internal Revenue Service requirements, all vendors who perform any type of service for Hamblen County Government are required to have a current IRS Form W-9 on file with the Hamblen County Finance Department.

**e. Tennessee Lawful Employment Act.** To comply with the Tennessee Lawful Employment Act, non-employees (individuals hired as independent contractors) must have on file any one of the following documents:

- i. Valid Tennessee driver's license or photo identification
- ii. Valid out-of-state driver's license
- iii. U.S. birth certificate
- iv. Valid U.S. passport
- v. U.S. certificate of birth abroad of a U.S. citizen
- vi. Certificate of citizenship
- vii. Certificate of naturalization
- viii. U.S. citizen identification card
- ix. Valid alien registration documentation or proof of current immigration registration.

One of these documents should be obtained at the same time a current IRS Form W-9 is obtained.

## **X. Finance Department Contact Information**

- Hamblen County Mayor's Office Main Line: 423.586.1931
- Purchasing Manager: 423.586.1931 ext. 2201
- Finance Director: 423.586.1931 ext. 2205

## **Addendum A: Purchasing Card Policies & Procedures and Cardholder Agreement**

### **HAMBLLEN COUNTY PURCHASING CARD PROGRAM POLICIES AND PROCEDURES**

Purchasing cards may only be issued to and used by Hamblen County officials and employees. The issuance of any purchasing card must be approved in advance by the Hamblen County Finance Director. Hamblen County officials and employees must receive prior approval to use a purchasing card and must sign a Cardholder Agreement before using a Hamblen County purchasing card.

All purchasing cards will be issued in the name of the individual employee or official who is responsible for the use of the card. The card will also have the County's name and on the card. The official or employee whose name appears on the card is responsible for ensuring that all purchases made using that card are in accordance with all policies, rules and regulations of Hamblen County.

The person whose name appears on the card may be held personally liable for any unauthorized purchases made with the card, including purchases exceeding the purchasing limit.

Each county official or department head will be responsible for ensuring that the purchasing limit is not exceeded in any one month, or for any single purchase, with respect to all purchases using purchasing cards issued to the official or department head and to any employees of that office or department.

All purchases will be reconciled monthly by the person whose name appears on the card. Monthly reconciliations for all cards will be submitted monthly to the Accounts Payable Manager with all required documentation including receipts.

The Hamblen County Finance Director shall adopt such rules and regulations as deemed necessary to implement this Policy.

Purchasing cards which are used in any manner inconsistent with this Policy are subject to immediate revocation by the Hamblen County Finance Director.

## **HAMBLLEN COUNTY PURCHASING CARD PROGRAM CARDHOLDER AGREEMENT**

As part of your employment with Hamblen County, you are being entrusted with a purchasing card to enable you to make purchases on behalf of Hamblen County. You are authorized to use this card **ONLY** upon the terms and conditions stated below. Sign this agreement only after reading and agreeing to each of the numbered statements below.

1 – This card is issued in my name, and I am the only person authorized to use this card. I will not allow anyone else to use the card without a written authorization form approved by the Finance Department.

2 – I understand that I will be making financial commitments on behalf of Hamblen County and I will strive to obtain the best value for Hamblen County. This includes ensuring that proper requisitioning procedures are followed and sales tax charges are not added to the card.

3 – I have read and will follow the Purchasing Card Policy for Hamblen County.

4 – Under no circumstances will I allow this card to be used to make personal purchases, either for myself or others. I understand that personal purchases using this card may be considered misappropriation of Hamblen County funds. If this card is used to make personal purchases, I agree that I am financially responsible for payment of those charges and any fees related to the collection of those charges.

5 – This card is the property of \_\_\_\_\_ and Hamblen County.

6 – If the card is lost or stolen, I will notify the Hamblen County Accounts Payable Manager immediately by telephone at (423) 586-1931, and I will also notify the Hamblen County Finance Director, immediately by telephone at (423)586-1931.

7 – I will obtain receipts and maintain detailed information for each card transaction. It is my responsibility to match receipts to each transaction.

8 – I will utilize Hamblen County's tax exempt information to ensure that sales tax is not charged on any purchases. I agree that I am financially responsible for the payment of sales tax if tax exempt procedures are not followed.

9 – I will receive a monthly statement reporting all purchasing activity with the card during the statement period. I will review the statement for accuracy and sign the statement to certify that all charges are appropriate and in conformance with Hamblen County policies and procedures. I will be responsible for resolving any discrepancies on the statement by contacting the merchant/supplier.

9 – I understand that I may be subject to disciplinary action, up to and including termination of my employment with Hamblen County, for any violation of this Agreement.

I HAVE READ AND UNDERSTAND THE FOREGOING, AND I AGREE TO THESE TERMS AND CONDITIONS.

Employee Name: \_\_\_\_\_ Department \_\_\_\_\_  
(print)

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_