

BEE COUNTY

AUDITOR'S OFFICE

PROCUREMENT PROCEDURES

The County Auditor is charged with the responsibility of insuring that all purchases are made in accordance with all Federal, State and local laws as well as verifying that each purchase is in line with the approved and adopted Bee County Budget. Each Department Head is responsible for maintaining the integrity of his/her department budget. The Department Head is also responsible for planning the day to day affairs of the department. One of the most important functions of the Department Head is to maintain adequate supplies and materials for the efficient operation of the department. (*Reference Local Government Code 112.001 & 1112.006*)

The responsibility of purchasing ultimately rests with the Commissioners Court. The Purchasing Agent, as an agent of the Commissioners Court, aids in the purchasing process but is subject to the Court's direction as to reasonable specifications and maximum prices on items to be purchased. Purchasing is reviewed by the County Auditor acting as the Purchasing Agent. The Purchasing Agent assists each elected official, Department Head and staff to procure necessary goods and services at the best possible price within all purchasing laws, while providing vendors with one single source of contact for county procurement opportunities. Based on *Local Government code 112.001*, the County Auditor adopted forms for Bee County departments to use consistent with law or with a rule adopted under *Section 112.003*. The Auditor considers these forms to be necessary for the speedy and proper collecting, checking, and accounting of the revenues and other funds and fees that belong to the county. Therefore an invoice coversheet, purchase order expense form, reimbursement form and travel expense forms are requested to be used by all county employees for purchases as needed.

The Goals of Public Purchasing include the following:

- purchase quality goods and services
- get the best possible price for goods and services
- delivery of goods and services when and where needed
- assure a continuing supply of needed goods and services
- guard against misappropriation of any assets procured
- Identify and track capital outlay assets of Bee County.

Bee County's Policy 2.00 on employee responsibilities, states that county employees should conduct themselves in such a manner as to foster public confidence in the integrity of Bee

County's purchasing process. To achieve this purpose, it is essential that persons or companies doing business with Bee County observe the ethical standards prescribed:

- It shall be a breach of ethics to attempt to realize personal gain through public employment with Bee County by any conduct inconsistent with the proper discharge of the employee's duties.
- It shall be a breach of ethics to attempt to influence any public employee of Bee County to breach the standards of ethical conduct set forth in this code.
- It shall be a breach of ethics for any employee of Bee County to participate directly or indirectly in procurement when the employee knows that he/she or any member of the employee's immediate family has a financial interest pertaining to the purchase.
- It shall be a breach of ethics to offer, give, or agree to give, solicit, demand, or accept from a vendor or a potential vendor, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation or preparation of any purchase request pending before this county.

Potential Conflicts of Interest

An outside consultant or contractor is prohibited from submitting a bid for services on a Bee County project of which the consultant or contractor was a designer or other previous contributor, or was an affiliated, subsidiary, joint venture or was in any other manner associated by ownership to any party that was a designer or other previous contributor. If such a consultant or contractor submits a prohibited bid, that bid shall be disqualified on the basis of conflict of interest, no matter when the conflict is discovered by Bee County. Potential bidders are advised that they may have disclosure requirements pursuant to *Texas Local Government Code, Chapter 176*. This law requires persons desiring to do business with the County to disclose any gifts valued in excess of \$250.00 given to any County Official or the County Official's family member, or employment of any County Official or the County Official's family member during the preceding twelve (12) month period. The disclosure questionnaire must be filed with the Bee County Clerk. Refer to *Texas Local Government Code, Chapter 176* for the details of this law.

Purchase Categories

The county has established various levels of purchasing categories that have been outlined below. The purchase of all goods and services used by the county fall within one of the established categories. The purchase category will indicate what pricing information must be obtained from vendors before a purchase order can be placed.

CATEGORY 1

Purchases Less Than \$500:

The individual Department Head may exercise discretionary purchasing and acquisition of such purchases. These purchases will be accomplished through the use of requisitions/purchase orders created and issued directly by the department, and approved by the Department Head; the County Judge and the County Auditor. *Purchases less than \$5.00 do not require a purchase order but still must be approved by the County Auditor as listed on page 5.*

CATEGORY 2

Purchases \$500 Or More But Less Than \$5,000:

A minimum of three written quotations are recommended to accompany requisitions/purchase orders. The ordering department must solicit the quotations. All such purchases require a purchase order approved by the County Judge and the County Auditor.

CATEGORY 3

Purchases \$5,000 Or More But Less Than \$10,000:

A minimum of three written quotations shall be obtained to accompany requisitions/purchase orders. Depending on the nature of the purchase the request may require the approval of the Commissioners Court. All such purchases require a purchase order approved by the County Judge and the County Auditor. The Department Head will be responsible for securing specifications and for soliciting vendor responses and price quotes. All items over \$ 5,000 are considered capital outlay and should be purchased with “500” coded line-item.

CATEGORY 4

Purchases of \$10,000 Or More But Less Than \$50,000:

The Department Head will be responsible for securing specifications and for soliciting vendor responses and price quotes. All purchases shall obtain a minimum of three written quotations, written bids or sealed competitive bids may be solicited. All purchases require the approval of the Commissioners Court. As per Texas Association of Counties purchases made from vendors on the BuyBoard Vendors list do not need to go through the three quote requirements. All items in this category are considered capital outlay and should be purchased with a “500” coded line-item.

CATEGORY 5

Purchases Greater Than \$50,000:

Sealed competitive written bids or proposals shall be secured by the County Auditor in accordance with the *Local Government code 262.023*. The County Auditor will evaluate the bids and submit its recommendation to Commissioners Court for approval. As per Texas Association of Counties purchases made from vendors on the BuyBoard Vendors list or any State approved Cooperative Purchasing Programs do not need to go through the bid process as they will meet our competitive bidding requirement. The Elected Official or Department Head is in charge of obtaining the contract number and all other information needed from the vendor to comply with the Co-Op program option to be given to the Auditor’s office before purchase. Any and all purchases may be declined by the County Auditor based on *Local Government Code 112.001 and Local Government Code 112.006*. All items in this category are considered capital outlay and should be purchased with a “500” coded line-item.

Discretionary Exemptions – Sole Source

In accordance with *Local Government Code 262-003* small sole source purchases are exempt from competitive bidding this is with expenditures of \$50,000 or less. For expenditures greater than \$50,000 *Local Government Code 262.024* where there is only one source of a particular service or product, a signed statement from the County Official or Department Head requesting such service or product would need to be submitted to the Commissioner’s Court for acceptance.

DAMAGED OR LOST PROPERTY

Each Elected Official and Department Head is responsible for the custody and care of county property assigned to their respective department. County property may be used only for County purposes. Each Elected Official and Department Head is responsible for ensuring that assets are tracked and secured in a manner that is most likely to prevent theft, loss, damage or misuse of assets. Care shall be taken to insure all necessary precautions are in place so that assets are secured.

Lost or stolen property must be reported immediately. Reports of loss or theft must be made by the Elected Official or Department Head in writing to the Auditor. Reports of theft must have attached a copy of the theft report compiled by the proper law enforcement agency to forward to insurance agent. If an item cannot be located, Fixed Assets Auditor will verify all proper documentation has been submitted by the respective department and remove the item from the fixed assets inventory.

PURCHASE ORDER PROCEDURE

1. The Department Head submits a purchase order form to the County Auditor requesting purchase for an item or service deemed necessary to be used for official county business ten days prior to Commissioners Court meeting where claims will be presented. (*Local Government Code 113.064*)
2. The purchase order is date stamped “RECEIVED” by the County Auditor’s office.
3. The Assistant Auditor reviews the purchase order form for completeness and reviews attached supporting documentation.
4. The Assistant Auditor initials the purchase order to indicate that enough monies are in the requested line-item and provides purchase order packet to County Auditor.
5. County Auditor reviews purchase order and signifies approval with signature on form. If corrections or updates are required no signature is obtained and Assistant Auditor works with department to remedy issues and re-submits to Auditor for approval signature. If the Auditor considers it necessary, he/she may require that a claim, bill, or account be verified by an affidavit indicating its correctness. (*Local Government Code 113.064*)

6. The purchase order, with supporting documents, is submitted to County Judge for review and signature on form signifies approval.
7. The purchase order packet is then returned to the Assistant Auditor to enter into accounting system and assigns a sequential number to the purchase. The number is recorded on a spreadsheet to maintain tracking of the purchase order.
8. A copy of the signed purchase order is sent to the Department Head and original is given to Accounts Payable Auditor.
9. The purchase order is matched and attached to the invoice when it is submitted for payment by the Department Head with an invoice coversheet indicating the purchase order that coincides with this purchase.

Blanket Purchase Order (P.O.) Procedure:

Blanket P.O.'s must be submitted and used throughout the fiscal year for purchases made from any vendor used on a repetitive basis or in an emergency situation for example weekend/evening hours, plumbing, a/c, vehicle, door lock and closures for our county buildings. All other goods and services shall be properly procured through a P.O. prior to purchase. Blanket P.O.'s will be updated every October 1st and will expire on August 31st to insure budget availability for that fiscal year. After this time every purchase or service shall need a specific P.O. number to be attached to the invoice and submitted with the invoice coversheet to accounts payable for payment.

Purchase Orders Not Required on the following:

1. Items totaling \$4.99 and under
2. Monthly expense for utilities and telephone expense. Commissioners Court approves utility contracts if other vendors are available. Bee County utilizes discounted rates as members of the Texas Public Energy Pool.
3. Monthly billings for items purchased under contract; such as rental agreements.
4. Expense & travel reimbursements are approved by the Department Head. Approval by Commissioners Court is required before check is processed.
5. Professional services rendered for unforeseeable expenses such as autopsy fees, court appointed attorney fees, doctors, and pre-employment procedures do not require a purchase order. An emergency purchase order may be done for these expenses if departmental head deems a need. Approval of the Commissioners Court is required before check is processed.
6. Overnight travel expenses approved by Commissioners Court.

Vendor Guidelines

Bee County utilizes an automated purchase order system which requires the release of a purchase order number prior to delivery of all orders for supplies, equipment, and services. The County is not responsible for verbal orders placed by an employee outside the County Auditor department. Vendors should always ask for a purchase order.

Code of Federal Regulations 9.404 (b)

The Excluded Parties List System includes the:

- 1) Names and addresses of all contractors debarred, suspended, proposed for debarment, declared ineligible, or excluded or disqualified under the nonprocurement common rule, with cross-references when more than one name is involved in a single action;
- 2) Name of the agency or other authority taking the action;
- 3) Cause for the action or other statutory or regulatory authority;
- 4) Effect of the action;
- 5) Termination date for each listing;
- 6) Data Universal Numbering System number (DUNS);
- 7) Social Security Number (SSN), Employer Identification Number (EIN), or other Taxpayer Identification Number (TIN), if available; and
- 8) Name and telephone number of the agency point of contact for the action.

The purpose of efficiently and conveniently disseminating information on parties that are excluded from receiving Federal contracts, certain subcontracts, and certain Federal financial and nonfinancial assistance and benefits, pursuant to the provisions of *31 U.S.C. 6101*, note, *E.O. 12549*, *E.O. 12689*, *48 CFR 9.404*, and each agency's codification of the Common Rule for Non-procurement Suspension and Debarment are included in said list. Therefore, it is recommended for all county departments to review the Excluded Parties List System at www.epls.gov prior to requisitioning a purchase to insure that vendor has not been excluded by the Federal Regulations Board.

PAYMENT PROCEDURES

The Prompt Payment Act of Texas states: "prompt payment law" establishes when some types of payment are due. The law says that payments for goods and services are due 30 days after the goods are provided, the services completed, or a correct invoice is received, whichever is later. Bee County will make payments in accordance of this law.

1. The Department Head orders the items specified in the approved purchase order from vendor named on purchase order.
2. Once invoice is received the Department Head will review for correctness and submit to County Auditor's Office for payment with an invoice coversheet. The invoice coversheet

specifies line-item to be used to pay for invoice, amount, description of purchase, and purchase order number to ensure proper departmental budget management. An invoice cover sheet should accompany all payment requests.

3. Accounts Payable Auditor will “DATE” stamp each payment to insure prompt payment. (*Prompt Payment Act of Texas*)
4. If payable was created by purchase order it will be matched with invoice and stapled to prevent loss of documentation. If payable was created by an emergency purchase order it should accompany the invoice for proper back-up of purchase. The emergency purchase order should detail the justification of the purchase.
5. All payment requests should be submitted with an invoice coversheet specifying the line item to be debited for purchase and shall have an approval of signature of the Department Head.
6. The Accounts Payable Auditor will review coversheet and ensure proper documentation is stapled with payable. Invoices must include purchase order number, a description of the goods or services delivered, the quantity of goods or services delivered, the unit price(s), and any other pertinent information from the purchase order. **No vendor's invoice will be paid that is not supported by the proper documentation.**
7. The payable will then be filed in payment filing system to be extracted at time of check run.
8. The Accounts Payable Auditor will enter payables into accounting system.
9. A report is generated to check entry and the proper line-items are being debited. The Accounts Payable Auditor verifies calculations by adding up invoices and comparing it to the claims report.
10. A cash requirements report is generated for review by Accounts Payable Auditor to ensure correct amount, line-item, vendor and short descriptions are provided.
11. This report is reviewed by the County Auditor and initials signifying approval.
12. Copies of check register are made to provide to the Commissioners Court and prepared to be placed on County Auditor’s web page.
13. Checks are printed and provided to another Assistant Auditor for a signature stamp to maintain separations of duties.
14. Assistant Auditor returns checks to Accounts Payable Assistant Auditor to attach to invoice.

15. Checks are produced to the County Auditor for initials.
16. Checks are released after the Commissioners Court approve payments of county bills. If court does not approve payment, the check is voided and noted as such on check register.
17. Payments are prepared for mailing.
18. After payments are mailed, invoices are stapled to a copy of the check and stamped **“PAID”** to prevent duplicate payments.
19. Monthly utilities will be extracted from the monthly check register to be placed on the County website page.

VOID & OUTSTANDING CHECKS

Bee County Policy 5.03 states that county checks will be voided after 180 days.

Bank accounts that are under the county depository kept in the possession of the elected officials shall void and re-issue outstanding checks, if applicable. The office must exhaust all efforts to locate the recipients. If after all efforts fail these funds shall then be submitted to the Auditor’s office through their monthly report with all recipient information attached. The Auditor’s office will then follow the State Comptroller’s process to escheat these unclaimed funds annually from March 1st through July 1st.

The Auditor’s office has a pre-printed note on vendor and employee checks that states “void after six months from date”. At the beginning of every month, the First Assistant Auditor prepares a bank-reconciliation for the month that just ended. A list of all outstanding checks produced that identifies checks over six months old. All checks over six months old are voided in the accounting system.

If the check was issued at \$100 or more, the bank is contacted to stop payment. During the reconciliation, checks that have not been cashed past three months are researched to see if the item was not lost by vendor or in the mail during delivery.

If a vendor, Department Head, or elected official notifies the auditor’s office of a check lost in the mail, the First Assistant Auditor verifies that the check has not cleared the bank and issues a stop payment from the bank and then voids check on the accounting system.

If a travel check is lost prior to the trip authorized by Commissioners Court, the traveler will be requested to pay for the trip expenses out of pocket and to submit a reimbursement request after the trip. The original travel check will be void and a reimbursement check will be issued. No travel checks will be reissued if lost by traveler prior to taking authorized trip.

TRAVEL PROCEDURES

Bee County Policy 17.0 provides county-wide guidance for travel parameters. The current travel rate is authorized by Commissioners Court and State of Texas at the beginning of the calendar year and will be used for all travel requests. Travel requests are to be submitted to the Auditor's Office at least seven days prior to the next Commissioners Court meeting to insure accuracy. After the amounts are footed and confirmed by the Accounts Payable Auditor, the travel request will be submitted to the County Auditor for approval. Travel requests shall include a conference brochure or agenda, a map quest print out indicating distance between Bee County Courthouse and destination address, a hotel quote, and registration fee documentation. While obtaining a hotel quote it is requested that the representative is told that a check will be submitted upon arrival. If this is not allowable by the hotel arrangements for a check to be cut and mailed prior can be arranged. Please contact the Accounts Payable Auditor for more information if needed. To reduce paper cost, the County Auditor will initial the hotel, mileage and per diem section of the request form to reflect approval. No copies of the supporting documents will be provided to Commissioners Court for these four sections as requested by the court on March 8, 2010.

CONTRACTS PROCEDURE

An Elected Official or Department Head is responsible for submitting a contract for services to be rendered. This contract should be taken to the Auditor's office first to make sure that funding is available for the services that are being requested. Once the Auditor has verified that funds are available for the purposes submitted for it is to be taken to the County Attorney's office. The County Attorney will review the language and terms and give his approval or denial. After this review the contract will then be able to make its way to the Commissioners Court agenda for approval and signature.

No agreement may be signed or entered into by any Elected Official or Department Head, only the County Judge may sign an agreement after the Commissioners Court approval