COUNTY DEPARTMENT AGENDA REQUEST

Department:	Finance	Presenter(s):	Mary S. Holland
Meeting Date:	Wednesday, January 6, 2010	Type of Request:	Old Business

Wording for the Agenda:

Further discussion of a recommendation by staff concerning a proposed policy for open market purchases. This item was last discussed during the November 4, 2009 Board of Commissioners Workshop Meeting.

Background/History/Details:

Staff is proposing an amendment to the County's purchasing policy that would allow a department to execute an open market purchase in an amount not to exceed $1,000. These provisions would require a department to obtain three price quotes which must be documented and provided as support for payment for the goods or services.

The Finance Department believes that the County staff time that could be saved using the proposed process would be significant. A key element in the process is ensuring that departments carefully document the information they obtain regarding the cost of the goods or services they are seeking.

The proposed policy was discussed at the November 4, 2009 Workshop Meeting during which time the Board requested information pertaining to the number of relevant purchases and the dollar amounts associated with those purchases. The Board further asked staff to provide an audit detail showing how the proposed changes will be monitored.

What action are you seeking from the Board of Commissioners?

The intent at this meeting is to only provide information to the Board and to discuss the request. If the Board concurs with the request, an amendment to the County Code will be required, since the County's purchasing policies are also defined by local ordinance. The issue can be scheduled for action at a later meeting. The end result will be an addition to the County's Policies and Procedures Manual and an amendment to Article V of the Fayette County Code, which would be prepared by the County Attorney.

If this item requires funding, please describe:

Not Applicable.

Has this issue come before the Commissioners in the past?	Yes	If so, when?	Wednesday, November 4, 2009
Do you need audio-visual for the presentation?	Yes	Back-up Material Submitted?	Yes

STAFF USE ONLY

Approved by Finance	Yes	Reviewed by Legal	
Approved by Purchasing		Approved by County Clerk	Yes
Administrator's Approval	Yes		

Staff Notes:

DRAFT

OPERATIONAL FUNCTIONS
Purchasing-Open Market Purchases by Departments
200.16

PURPOSE

Purchasing Departments provide specialized expertise that enable county governments to procure needed goods and services at more favorable costs than would be possible without such expertise. County governments often provide limited purchasing authority to their various departments, although that level of authority varies from county to county. The purpose of this policy is to expand the authority of Fayette County's departments to make open market purchases, effectively improving the overall efficiency of the department. This ability has several benefits, including:

- Providing more time to the Purchasing Department to focus on high-value purchases, where potential cost savings are greatest;
- Streamlining and expediting the process for lower-value purchases, enabling administrative savings and shortened waiting times by the end user (department);
- Placing more spending decisions closer to those responsible for managing their budgets.

POLICY

Open market purchases are described in Policy No. 200.15 as those that do not require a sealed bid or request for proposals, nor do they require formal advertising or additional approval by the Board of Commissioners. The definition of open market purchases is limited to those which have a total cost of less than $20,000. This policy allows, but does not require, any county department to execute its own open market purchase less than $1,000.

Note: This policy does not apply to the Sheriff's Department, since they use a separate procurement system.

PROCEDURES

Each county department may continue to use the Fayette County Purchasing Department for all its procurement needs. When a department chooses to make its own purchase of goods or services valued at less than $1,000 the following procedures will apply.

1. The originating department must obtain three price quotes via e-mail or fax. The quotes must be documented, and must be kept on file for at least 12 months. If a purchase is made through a statewide contract or similar approved means, additional quotes may be obtained, but will not be required.

2. The originating department must complete and submit the form titled "Open Market Purchase – Less Than $1,000", along with a properly completed invoice,

to the Finance Department for payment. The Finance Department will verify completeness of the form prior to releasing payment for the purchase.

3. No computer hardware or software can be purchased using these procedures. All purchases of this nature must be made through the Information Systems Department.

4. A purchase cannot be "split" into two or more purchases for the purpose of avoiding the $1,000 limitation intended by this policy.

5. This procedure is not intended for P-Card purchases, which must follow the county's P-Card policy and procedures.

6. All budget policies and procedures will continue to apply. The expenditure must have been approved in the annual budget or in some other appropriate manner.

7. Each month, the Finance Department will audit a randomly selected sample of the open market purchase forms processed during the previous month. The sample size will be 10% of the forms processed during the month, with a minimum sample of two purchases.

8. The first occurrence of an individual's non-compliance with these procedures will result in a verbal reminder. The second occurrence will result in a written warning. The third occurrence may result in removal of the individual's authority to make open market purchases, at the discretion of the County Administrator.

BELOW IS THE ENTIRE TEXT OF ARTICLE V OF THE FAYETTE COUNTY CODE OF ORDINANCES WITH PROPOSED CHANGES INDICATED.

ARTICLE V. PURCHASES; SALES*

DIVISION 1. GENERALLY

Secs. 2-106--2-115. Reserved.

DIVISION 2. DEPARTMENT OF PURCHASING

Sec. 2-116. Department created.

There is hereby created the department of purchasing.
(Code 1983, § 2-10)

Sec. 2-117. Supervision of department.

The board of commissioners, by and through the county administrator, shall have general supervision of the department of purchasing and shall appoint a director of purchasing.
(Code 1983, § 2-11)

Sec. 2-118. Duties generally.

The director of purchasing shall have the following duties:
(1) To secure prices for materials, supplies and services of every kind and character required by the various departments of the county.
(2) To inspect materials and supplies purchased by the county to determine that the materials and supplies are what they have been represented to be.
(3) To determine that the prices paid for materials and supplies purchased ~~by~~ through the county Purchasing Department are the best that can be obtained in the local market or elsewhere.
(4) Those duties prescribed in this article.
(5) Such other duties as the board of commissioners may from time to time prescribe and as contained in the employee's job description and the Fayette County Uniform Personnel Management System.
(Code 1983, § 2-12)

Sec. 2-119. Purchasing authority.

The director of purchasing shall have the authority to make purchases of materials, supplies and services on the open market where the purchase price does not exceed twenty thousand dollars ($20,000.00); where the purchase price exceeds twenty thousand dollars ($20,000.00), the purchase may be made by the director of purchasing only after the prospective purchase has been approved by the board of commissioners on a competitive sealed bid basis.

The heads of the various departments shall have the authority to make purchases of materials, supplies, and services on the open market where the purchase price is less than $1,000.00.

(Code 1983, § 2-13)

State law references: Exceptions to procedures for certain public works contracts, OCGA § 36-10-4.

Sec. 2-120. Inventory of county property.

The finance department shall maintain a permanent inventory of all personal property of the county having the value of five thousand dollars ($5,000.00) or more and charged to the various county departments.

(Code 1983, § 2-14; Ord. No. 93-10, § 1, 12-15-93; Ord. No. 2002-08, § 1, 6-27-02)

State law references: Rights and remedies of county relating to property ownership, OCGA § 50-16-17; inventories of property owned by the state and certain public corporations, OCGA § 50-16-120 et seq.; inventory required of county officers, OCGA § 50-16-141; entry made in inventory book when property disposed of, OCGA § 50-16-144.

Sec. 2-121. Inspection and testing.

The director of purchasing shall inspect, or supervise the inspection of, all deliveries of materials, supplies or contractual services to determine their conformance with the specifications set forth in the pertinent purchase order or contract. The director of purchasing may require chemical and physical tests of samples submitted with bids and samples of deliveries, which examinations are necessary to determine the samples' quality and conformance with specifications.
(Code 1983, § 2-15)

Sec. 2-122. Purchasing analysis.

The director of purchasing shall keep himself informed of current developments in the field of purchasing, prices, market conditions and new products. The director of purchasing shall secure for the county the benefits of research done in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations having national recognition and by private businesses and organizations.
(Code 1983, § 2-16)

Sec. 2-123. File on vendors.

The director of purchasing shall maintain a file of all qualified vendors who desire to do business with the county, which file shall be maintained according to the nature of goods and materials offered and shall contain a description of the vendors' commodities.
(Code 1983, § 2-17)

Sec. 2-124. Cooperative purchasing.

The director of purchasing shall have the authority to join with other governmental units in cooperative purchasing plans when the best interest of the county shall be served thereby.
(Code 1983, § 2-18)

State constitution references: Intergovernmental contracts, Art. IX, § III, Para.I.

Sec. 2-125. Materials, supplies and services defined.

As used in this division, the term "materials, supplies and services" shall mean and include such items as are normally used or consumed during the course of a year and for which a general appropriation has been made; the term shall include the purchase of automotive equipment, machinery, construction contracts or other purchases of materials of a permanent or semi-permanent nature. It shall also include the provision of maintenance and repair.
(Code 1983, § 2-19)

Secs. 2-126--2-135. Reserved.

DIVISION 3. PURCHASING PROCEDURES

Sec. 2-136. Purchases only to be made through the director; exception.

No officer or employee of the county shall make any purchase for or on behalf of the county of any materials, goods, wares, supplies or services of any kind whatsoever except through the director of purchasing. It shall be a breach of duty on the part of any officer or employee of the county to make any purchase, or to aid or abet the making of any purchase, in any manner other than through the director of purchasing. However, the provisions of this section shall not apply to emergency purchases provided for in this division, nor shall it apply to open market purchases for which the total purchase price is less than $1,000.00.
(Code 1983, § 2-20)

Sec. 2-137. Purchase orders required; exception.

No officer or employee of the county shall request a vendor to deliver goods, merchandise, materials or supplies to the county except upon a regular purchase order issued by the director of purchasing; however, the provisions of this section shall not apply to emergency purchases provided for in this division, nor shall it apply to open market purchases for which the total purchase price is less than $1,000.00.
(Code 1983, § 2-21)

Sec. 2-138. Emergency purchases.

In the event that an emergency should arise after office hours, which emergency requires immediate action on the part of the county department involved for the protection of the best interest of the county, or should such a situation arise on a Saturday, Sunday, or a holiday, and where it is not possible or convenient to reach the director of purchasing, any necessary purchase shall be made by the county department for which the purchase is necessary. The purchase shall be reported to the director of purchasing on the next working day.
(Code 1983, § 2-22)

State law references: Emergency purchases by state department of administrative services, OCGA § 50-5-71.

Sec. 2-139. Preparation of specifications.

The director of purchasing shall prepare written specifications that will best serve the interests of the using county departments and of the county. All specifications shall be definite, certain and shall permit free and open competition.
(Code 1983, § 2-23)

Sec. 2-140. Time for making purchases; call for bids.

In the purchase of all materials and supplies made through the Purchasing Department pursuant to this division, except for emergency purchases, the purchase shall be made within ten (10) days from the time the requisition is given to the director of purchasing. During the period within which the purchase is to be made, the director of purchasing shall give competing vendors an opportunity to bid. Calls for bids shall be made by the director of purchasing in such a manner as will, in his discretion, enable free and open competition in bidding. In the event calls for bids are advertised in a newspaper, the advertisement shall run two (2) times, unless otherwise provided, in the official newspaper of the county.
(Code 1983, § 2-24)

Sec. 2-141. When competitive bids required.

It shall be the duty of the director of purchasing to make all purchases on competitive bids, except as otherwise expressly provided in this chapter.
(Code 1983, § 2-25)

Sec. 2-142. Filing of bids; public inspection.

All bids submitted to the Purchasing Department for goods and materials to be sold to the county under the provisions of this division shall be kept on file in the department of purchasing. After an award has been made, the bids shall be subject to inspection at any time by any citizen of the county.
(Code 1983, § 2-26)

Sec. 2-143. Disqualification of bidders.

The director of purchasing shall have the authority to declare a vendor who defaults on his quotations to be an irresponsible bidder and to disqualify him from receiving any business from the county for a specified period of time.
(Code 1983, § 2-27)

Sec. 2-144. Discretion in purchasing where quality, price and services are involved.

In all purchases where quality as well as price and service is involved, the director of purchasing shall exercise discretion in making a purchase so that the best interests of the county are served.
(Code 1983, § 2-28)

Sec. 2-145. Substitution of brand name items.

In all cases where brand name items are requisitioned by the department of purchasing, the director of purchasing has the authority to determine whether similar products of equal quality offered for sale to the county at a lower price shall be ordered in lieu of the requisitioned brand name items.

(Code 1983, § 2-29)

Secs. 2-146--2-160. Reserved.

***State law references:** County property, OCGA § 36-9-1 et seq.; public works contracts, OCGA § 36-10-1 et seq.; bonds for public contractors, OCGA § 36-82-100 et seq.; competition for public work bids, OCGA §§ 36-84-1, 36-84-2; local political subdivision purchases through the state, OCGA § 50-5-100 et seq.; contract for acquisition or lease of property of United States, OCGA § 50-16-81.

Open Market Purchase - Less than $1,000

(To be submitted to the Finance Department along with the invoice for payment)

Department making the purchase:

Date of Purchase: _____

Item(s) purchased **: _____

Selected vendor: _____

Purchase mechanism:

☐ Competitive open-market purchase.

OR

☐ Statewide or other approved purchasing contract.

(please specify) _____

If open-market purchase, please list the vendor and quoted price for the three lowest quotes received:

	Date	Vendor	Price Quote
a.)			
b.)			
c.)			

If the selected vendor was not the lowest price quote, please explain the selection.

Funds for the purchase are available from:

a.) The department's annual budget: _____

b.) Other (explain):

_____
Signature

** *This can be a general or summary statement if multiple items are being purchased, e.g. "office supplies" or "paint and painting supplies".*