



2021 MADISON COUNTY PURCHASING POLICY

Revised September 2022

TABLE OF CONTENTS

	Description	Page
I.	Purpose.....	3
II.	General.....	3
	A. Purchasing and Contractual Limitations.....	3
	B. Rentals, Leases and Lease/Purchases.....	4
III.	Purchase Orders.....	4
	A. Exemptions from Purchase Orders.....	5
	B. Requesting a Purchase Order.....	5
	C. Blanket Purchase Orders.....	5
	D. Purchase Order Cancellations.....	6
	E. Purchases Exceeding Purchase Order Limit.....	6
	F. Purchase Order Year End Procedures.....	6
IV.	Purchases Made with a Purchasing Card (P-Card).....	6
V.	Requests for Payments via Check Issuance or Other Electronic Means.....	6
VI.	Bid Procedures.....	7
	A. Exemptions from Bids.....	7
	B. General Provisions.....	8
	C. Specifications of Invitations to Bid and Requests for Proposal.....	9
	D. Cancellation of Invitation to Bid.....	9
	E. Minor Informalities in Bids Received.....	10
	F. Mistakes in Formal Bids Received.....	10
	G. Partial Payments and/or Retainage.....	10
VII.	Emergency Purchases.....	11
VIII.	Used or Secondhand Purchases.....	11
IX.	Cooperative Purchasing.....	11
	A. Purchasing Cooperatives.....	11
	B. Purchasing from the Federal Government’s General Services Administration...	11
	C. Purchasing from the TN Department of General Services Statewide Contracts..	12
X.	Vendors.....	12
XI.	Special Provisions.....	12
XII.	Conflicts of Interest.....	12

I. PURPOSE:

This document contains the Madison County Government's purchasing and accounts payable policies and procedures. It establishes guidelines which conform to all requirements and limitations as set forth by the Financial Management Act of 1981, as well as any and all policies and procedures adopted by Madison County.

If you have questions or need assistance, please call the purchasing and accounts payable department at 731-660-6221.

II. GENERAL

All items or services that are able to be combined and purchased from a single source shall be considered as a single purchase. No effort to circumvent this will be allowed. Example: The dividing of what should be a single purchase onto two or more purchase orders in an attempt to keep each under the bid and quotes limitations.

Anticipated purchases from a single supplier that exceeds the established bid and quote limitations for the current budget year are also considered a single purchase for audit purposes. If anticipated purchases are expected to exceed the established limitations during the current budget year, these items or services should be bid or quotations obtained prior to the initial purchase.

In making purchases, diligence must be given to securing the lowest and best price possible.

Once a vendor has been selected a purchase order must be generated within and processed through MUNIS per established Accounts Payable procedures, guidelines and requirements, and only after verification that adequate funds are available. Diligence must be given to accept any early payment discounts and to avoid any late payment penalties.

Madison County's preferred method of payment is via a Procurement Card based system and should be utilized when possible with no additional charges to be applied. Upon proper approvals, procurement cards are issued by the Madison County Finance Department.

For all purchases/contracts requiring a contractor's license, it must be verified that the selected company, firm or individual is in "good standing" with the State of Tennessee Contractor's Licensing Board and that their license classification is approved and appropriate for the type of project to be completed. This would apply to any construction related project where the total contract amount meets or exceeds \$25,000.00.

All formal bids are advertised on the Madison County website: <https://www.madisoncountyttn.gov>

A. PURCHASING AND CONTRACTUAL LIMITATIONS

PURCHASES WHICH MAY BE CONTRACTED FOR BY THE DEPARTMENT HEAD:

\$9,999 or less by the designated official of each county office, department or agency without the requirement for price quotations or formal bids.

PURCHASES WHICH REQUIRE PRICE QUOTATIONS:

\$10,000 up to \$49,999.99 as many quotations as reasonably possible for the products or services should be obtained and submitted when requisition is entered into MUNIS. When obtaining quotes, consideration must be given to more than just one brand/manufacture when possible.

PURCHASES WHICH REQUIRE FORMAL SEALED BIDS:

\$50,000 and above. All formal bids are issued by the Finance Department. (The bid number must appear on the purchase order when entered into MUNIS).

It is the responsibility of the department, office or agency requiring goods or services that must be formally bid to furnish the Finance Department with specifications for those goods or services. No specifications shall be written and submitted to the Finance Department that would intentionally favor one product or one vendor, or would unfairly eliminate or limit submittals from qualified suppliers. For any construction bid that exceeds \$25,000.00 it is required that the awarded bidder/bidders submit payment & performance bonds & liability insurance certificates to the Finance Department prior to any work being performed.

IT PURCHASES (COMPUTER HARDWARE, SOFTWARE, ETC.):

PRE-APPROVAL OF ALL IT REQUIREMENTS/PURCHASES:

All purchases (hardware, software, etc.) must be coordinated with the County IT Department prior to any purchases being made or contracts being signed.

Any purchases not reviewed and endorsed/approved by the IT staff, may be denied service by the IT Department and if supported, will only be on a “best effort” basis.

PROHIBITED PURCHASES:

Certain purchases are explicitly prohibited by the county: personal items, alcohol, pornography, cash advances, and charges that can be converted into cash equivalents.

B. RENTALS, LEASES AND LEASE/PURCHASES:

All contracts for rentals, leases and lease/purchases must comply with the same contractual limits as any other commodity or service. Contracts which exceed the bid limit during any 12 month period of the agreement must be awarded based on formal bids received and awarded by the County Finance Department, or a State of Tennessee SWC contract, Federal GSA contract, or other national cooperative contract that has been approved for use by the Madison County Board of Commissioners. “Non-appropriation” or “governmental fund-out” clauses shall not be used for any multi-year contract. Multi-year contracts must be approved by the Madison County Board of Commissioners as per TCA 7-51-904. In addition, multi-year contracts by the Jackson-Madison County School System must also be approved by the Jackson-Madison County School Board. **REGARDLESS OF TOTAL CONTRACT COST**, any rental, lease or lease/purchase agreement must be reviewed and approved by the Madison County Finance Department and signed by the Madison County Finance Director. Per TCA 5-21-118(b), all rental, lease and lease/purchase contracts/agreements must be contracted for and signed by the County Finance Director.

III. PURCHASE ORDERS

A purchase order is written evidence of an agreement between the county and a vendor that includes pertinent items: vendor’s name, issuance date, prices, delivery dates, terms, any discounts, and other relevant information. *Unless explicitly exempted in this document, the county must issue a purchase order before any commitments to purchase are made: item or service ordered, contract signed, or purchasing card (p-card) used.*

A. EXEMPTIONS FROM PURCHASE ORDERS

The following items will not require a purchase order. In addition to the exemptions listed below, the Madison County Finance Director may grant other exemptions from the purchase order requirement as necessary. When in doubt, create a purchase order.

- Monthly support and maintenance costs for data processing services, copiers, and postage machines (**annual fees require a purchase order**)
- Debt service payments
- Juvenile detention or incarceration, juror costs, court costs, legal fees, and interpreters for courts
- If it could compromise an investigation, litigation, or probable litigation, the cost of investigators, expert witnesses, or any other similar cost associated with an investigation or litigation
- Drug testing
- Employee travel reimbursements and associated costs
- Fuel cards
- Inter-departmental and inter-governmental billings
- Insurance payments, employee bonds, and official bonds
- Lease and rental payments
- Refunds
- Utilities (e.g., electricity, gas, water, sewer, phones, fiber optics, etc.)
- Payroll payments such as garnishments, IRS levies, etc.

B. REQUESTING A PURCHASE ORDER

1. To request a purchase order, an authorized individual (elected official, department head, or the approved designee) must properly complete a requisition in the county's enterprise resource planning system—currently Tyler's Munis.
2. Properly completed and documented requisitions will be processed within a reasonable amount of time.
3. Upon approval of a purchase order, the requester will receive an email from the Munis system with pertinent details (including the requisition number), if there is an email on file for the user in the Munis system.
4. If a request is not approved, the requester will receive an email from the Munis system with the reason of why it was not approved, if there is an email on file for the user in the Munis system.

C. BLANKET PURCHASE ORDERS

To minimize any hardships in complying with the purchasing procedures, departments are authorized to utilize blanket purchase orders in certain instances.

1. Blanket purchase orders are for routine items only (e.g., office supplies, maintenance supplies, and similar items).
2. The blanket purchase order shall be for like purchases.
3. Each department is responsible for monitoring expenditures against blanket purchase orders.

4. The blanket purchase order must be for a defined period, not to exceed June 30 of current fiscal year, and will liquidate at the end of the period. Encumbered balances will not carry forward to a subsequent period.
5. The purchase order must be a reasonable estimate of the total cost for the period requested. If circumstances change, the department should immediately initiate a change order within the Munis system.
6. Blanket purchase orders may be requested only for the following lengths of time:
 - a. Annual purchase orders must be for fixed monthly or annual amounts (e.g., service agreements or similar items) that generally do not vary, except for overages or other similar charges.
 - b. Monthly purchase orders are for like purchases (e.g., office supplies, vehicle maintenance, janitorial supplies, library books, building materials, jail food, asphalt, rock, or similar items).

D. PURCHASE ORDER CANCELATIONS

If for any reason, a purchase will not be completed, contact the Accounts Payable department in Finance immediately. Notification will cancel the purchase order and disencumber the budget line-item for that amount.

E. PURCHASES EXCEEDING PURCHASE ORDER LIMIT

In rare instances, the amount of the purchase may exceed the amount of the purchase order. With adequate justification of why an overage occurred, expenditures may exceed the purchase order up to 15%. After any adjustment, the purchase order must go through the appropriate workflow.

F. PURCHASE ORDER YEAR-END PROCEDURES

For an amount to be encumbered (budgetary expenditure) at fiscal year-end, the purchase order must be for a specific amount and for specific items or services and a purchase commitment must exist.

The validity of purchase orders and the amounts as of June 30 must be confirmed to the Finance department.

Starting July 1, requisitions for purchase orders may be completed in the Munis system for the next fiscal year. Please note, the correct fiscal year must be used for the requisition.

IV. PURCHASES MADE WITH A PURCHASING CARD (P-CARD)

See Madison County Purchasing Card Policy.

V. REQUESTS FOR PAYMENTS VIA CHECK ISSUANCE OR OTHER ELECTRONIC MEANS

By default, all payments will be issued by check. For effective internal controls, it is strongly encouraged to not return checks to requesters. All checks will be mailed directly to vendors unless there is a written request with justification in advance. Payments shall be after receipt and acceptance of goods and/or services.

VI. BID PROCEDURES

A single item or all like item purchases estimated to be at least \$50,000 in any fiscal year will be competitively bid on the county's website unless exempted. The practice of splitting an order or dividing items to be purchased to avoid the use of the bidding process or other purchasing procedures is prohibited.

A. EXEMPTIONS FROM BIDS

Any office, department or agency of Madison County may purchase or contract directly and without the need for price quotes or formal bids from a State of Tennessee SWC contract, Federal GSA contract, or other national cooperative contracts approved for use by the Madison County Board of Commissioners or the Jackson-Madison County School Board. When purchases are made utilizing any of these options, the contract number must be shown on the purchase order and a copy of the contract entered into MUNIS at the time of purchase.

Any office, department or agency of Madison County may purchase or contract directly and without the need for price quotes or formal bids via "piggy-back" bids from other counties, school systems or other governmental agencies. It is required that a copy of the bid used by the county, school system or governmental agency be furnished & reviewed to make sure it is still current and that the products or services were procured in a method at least as stringent as those used by Madison County. It is also required that the county, school system or government agency that is being "piggy-backed" from give written permission to purchase/contract from their bid.

The following items are exempt from the bid requirements:

1. Annual (fiscal year) purchase of an item or like items totaling less than \$49,999..
2. Purchases or leases for immediate delivery in actual emergencies arising from unforeseen causes, including delays by contractors or in transportation or un-anticipated volume of work.
3. Purchases from nonprofit corporations whose purpose(s) is to provide goods or services specifically to governments, such as the Local Government Data Processing Corporation.
4. Purchases for professional services such as lawyers, engineers, architects, doctors, public accountants, and others allowed by state statutes. A request for quote is required (RFQ).
5. Any product or service which may not be procured by competitive means because of the existence of a single source or because of a proprietary product (sole source). To be considered a sole source, the following requirements must be met:
 - a. The vendor must provide written documentation to the Finance department.
 - b. There must be compelling evidence that a product or a service cannot be reproduced due to patent, licensing, or uniqueness of a product or service in such a manner that there is no comparable solution.
6. Drug dogs are considered a specialized service.
7. Real property (fixed property, principally land and buildings) is a unique item.
8. Software if only sold by one vendor or geographical licensing by one vendor.

B. GENERAL PROVISIONS

The County Financial Management System of 1981 defines “biddable items” in T.C.A.5-21-120 as any need of the county where more than one bidder or contractor in the county’s trade area can provide the material or service.

The following guidelines set forth the procedures for preparing and issuing a request for proposal (RFP) and accepting a bid.

1. All RFPs shall be processed through the Finance department.
2. For construction contracts under an architect’s supervision, all RFP documentation shall be forwarded to the Finance department in PDF format for electronic storage.
3. Specifications for the RFP shall be submitted to the Finance department not less than ten business days before the date of the publication of the invitation to bid; however, as necessary, this requirement may be waived.
4. The elected official or department head will need to verify that funds are available to cover the item(s) being bid.
5. Specifications will be reviewed by the Finance department to allow maximum competition for bidders.
6. A draft of the RFP will be returned to the elected official or department head for review, revisions, and final approval.
7. After the RFP is finalized, the Finance department staff will place a detailed RFP on the Madison County website. The invitation to bid and its corresponding RFP will be published at least fifteen business days before the bids are to be opened unless it is demonstrated and documented that a shorter period is necessary.
8. All bid files will be assigned a unique index number that shall be used in all future references to the bid.
9. Bid submissions and/or bid modifications by email, telephone or any other electronic means will not be allowed at this time.
10. Bids shall be received, handled, and protected in a manner that will prevent fraud and preserve the integrity of the competitive bidding system.
11. Each bid envelope received shall be stamped, or have permanently written on it, the date and time of actual receipt. The notation shall be signed by the person entering the information on the envelope.
12. Sealed bids will be received and opened by the Finance department staff. A schedule of all bids will be prepared by the Finance department staff.
13. The Finance department staff, along with the agency or official to receive the merchandise, construction, or service, will determine if the bid conforms to the detailed specifications.
14. The Purchasing Director, with input from the elected official or department head, will determine the best and lowest bid. If other than the lowest conforming bid is chosen, compelling justification

for not choosing the lowest conforming bid must be documented and provided to the Finance department.

15. The Purchasing Director is responsible for notifying all bidders of an award.
16. After approval of the bid by the elected official or department head, the bid schedule will be placed on the county's website by Finance department personnel.
17. If a purchase order is required, the elected official or department head shall complete a requisition in Munis, which will initiate the purchase order process. The unique bid index number shall be referenced in the requisition for the purchase order.

C. SPECIFICATIONS OF INVITATIONS TO BID AND REQUESTS FOR PROPOSAL

The following includes specifications that must be adhered to when issuing invitations to bid and preparing the corresponding requests for proposal:

1. Madison County Website – An invitation to bid should appear at least fifteen business days before the bid opening date unless it is demonstrated and documented that a shorter period is necessary.
2. Request for Proposal – The details of the request for proposal (RFP) shall be placed on the Madison County website during the same period as the invitation to bid.
3. Amendments to Specifications – Amendments to the bid specifications, including changes, additions, reductions, modifications, omissions, explanations, or interpretations, may be made and issued in the form of an amendment to the RFP.
4. Clarifications and Answers to Inquiries – All questions by prospective vendors shall be submitted in writing via email to the Purchasing Director. All questions, along with the answers, shall be posted on the Madison County website.
5. Cancellations – Invitations to bid may be canceled if it is clearly in the county's best interest, such as when there is no longer a requirement for the order or when amendments would be of such magnitude that a new invitation to bid would be desirable. If the invitation to bid is canceled, bids received shall be filed (unopened) in the official bid file, and all bidders shall be notified.
6. Solicitation of Bids – Bids shall be solicited from all qualified sources deemed necessary to assure full and free competition and the best value for the county's dollar.

D. CANCELANON OF INVITATION TO BID

1. Preservation of the integrity of the competitive bidding system dictates that after bids have been opened, an award must be made to the responsible bidder who submitted the most responsive and lowest bid unless there is a compelling reason to reject all bids and to cancel the invitation to bid. As a rule, after opening, an invitation to bid should not be canceled or re-advertised due solely to increased requirements for the items being procured. An award should be made on the initial invitation to bid, and the additional requirements should be treated as a new procurement unless specified as part of the bid specifications.
2. When it is determined to cancel an invitation to bid, the Purchasing Director shall notify each bidder that the invitation to bid has been canceled, stating the reasons for such action. Any bids received should be filed, unopened, in the Finance department.

E. MINOR INFORMALITIES IN BIDS RECEIVED

Madison County always reserves the right to accept or reject any and/or all bids in whole or in part.

F. MISTAKES IN FORMAL BIDS RECEIVED

1. Prior to the specified bid opening time, a vendor will be allowed to withdraw their bid for any reason.
2. After a bid is opened, Madison County shall permit the withdrawal of the bid upon showing clear and convincing evidence of an alleged mistake.
3. All withdrawals of bids must be in writing and signed by the bidder.

G. PARTIAL PAYMENTS AND/OR RETAINAGE

Construction Contracts Retainage—Retainage on construction contracts is governed by Title 66, Chapter 34. Retainage amounts on public and private construction contracts cannot exceed 5% of the contract amount, and retainage must be released to the prime contractor within 90 days after completion of the project or within 90 days after substantial completion of the project for work completed, whichever occurs first. The prime contractor must pay all retainages due to any remote contractor within ten days after receiving the owner's retainages. Any remote contractor receiving the retainage from the prime contractor must pay to any lower-tier remote contractor all retainages due within ten days after receipt of the retainages T.C.A. § 66-34-103.

When the prime contract is \$500,000 or more for real property improvement, retainage amounts must be placed in a separate interest-bearing account with a third party. The account must be established upon the withholding of any retainage. At the time of the withholding, the funds become the separate property of the prime or remote contractor, subject to the person's rights withholding the retainage in the event the prime or remote contractor defaults on or does not complete its contract. Every time funds are withheld from a contractor's application for payment, the contractor must be notified of the name of the financial institution holding the escrow, the account number, and the amount of funds deposited into the account from that payment. T.C.A. § 66-34-104.

Immediately following satisfactory completion of the contract, all funds with interest must be paid to the prime or remote contractor to whom the funds are owed. If the owner, prime contractor, or remote contractor fail to release the funds, then the prime or remote contractor may seek equitable relief, including injunctive relief provided in T.C.A. § 66-34-602. Upon written agreement of all parties, other claims may be settled by arbitration according to the Uniform Arbitration Act. Compliance with the statute is mandatory and may not be waived by contract. T.C.A. § 66-34-104.

If an owner or prime contractor withholds retainage used for the benefit of the prime contractor or remote contractor pursuant to T.C.A. § 66-34-104(a) and (b), then neither the remote contractor nor any of the remote contractors are required to deposit additional retainage funds into the escrow account. T.C.A. § 66-34-103(d).

Final invoices are not to be submitted for payment prior to a project being 100% complete and all conditions of the contract met. In the case of partial payments being allowed, final payment must be withheld until the project is 100% complete and all conditions of the contract met. Invoices for a higher percentage of the work already completed or for a combination of work completed plus the value of materials received are not to be submitted for payment.

VII. EMERGENCY PURCHASES

Emergency purchases are purchases that are necessary to avert hazards that may threaten health or safety, to protect property from damage, or to avoid major disruption of governmental activities. Emergency purchases do not include purchases due to improper planning. If within budgetary limits and deemed essential, emergency purchases may be made by the elected official or the department head. If the purchase is of such significant magnitude as to impact the integrity of the budget, the Finance director shall call a special or emergency meeting of the Financial Management Committee to deal with the matter.

VIII. USED OR SECONDHAND PURCHASES

Purchasing used or secondhand articles consisting of goods, equipment, materials, supplies, or commodities is allowed without public advertisement or competitive bidding as long as the department making the purchase documents the general range of value of the purchased item(s) through a listing in a nationally recognized publication or through an appraisal by a licensed appraiser and the price is not more than 5% of the highest value of the documented range.

IX. COOPERATIVE PURCHASING

A. PURCHASING COOPERATIVES

The county may use purchasing cooperatives only if a resolution adopting the master agreement for the cooperative has been approved by the governing body. Such resolutions shall be on file in the Madison County Finance Department. To utilize a purchasing cooperative, the requesting department must supply the following items:

1. The contract between the vendor and the purchasing cooperative. It is required by audit to have a copy of the approval of the agreement (or the blanket approval referenced) along with a copy of each signed agreement. There should be documentation from the cooperative showing compliance with bid laws.
2. A vendor quote with the purchasing cooperative's contract number and pricing that is the same as, or less than, the contract (pricing agreement) with the purchasing cooperative. It is imperative to have something showing that the purchase received cooperative pricing. It must detail out how the cooperative pricing was arrived at or any discounts received.
3. A price list or screenshots (whichever is available) that verifies the vendor provided the correct prices.

B. PURCHASING FROM THE FEDERAL GOVERNMENT'S GENERAL SERVICES ADMINISTRATION

Madison County may purchase from the federal government's General Services Administration (GSA) as allowed by state statutes and federal regulations. To utilize GSA, the requesting department must supply the following items:

1. The contract between the vendor and the GSA.
2. A quote from the vendor that references the GSA contract number from authorized federal schedules (www.gsa.gov), if allowed by state statute.

3. Pricing verification screenshots from GSA. If these are not available, documentation on how the amounts were verified to a GSA contract.

C. PURCHASING FROM THE TENNESSEE DEPARTMENT OF GENERAL SERVICES STATEWIDE CONTRACTS

A valid statewide contract (SWC) may be utilized in lieu of a bid. However, all documentation must be submitted to the Purchasing Department before a purchase order can be issued. To utilize a statewide contract, the requesting department must supply the following items:

1. A quote from the vendor that references the SWC number or the Edison contract number.
2. If the approved vendor uses resellers, a copy of the approved reseller list must be provided.
3. A price list or screenshots (whichever is available) that verifies the vendor provided the correct prices.

X. VENDORS

Other than state purchase card payments, before a non-emergency requisition for purchase order can be entered or any payment can be processed, whichever is earlier, a vendor is required to have an IRS Form W-9 on file with the Madison County Finance Department. To determine if a vendor exists, do a vendor inquiry in Munis. The individual requesting a purchase order or a disbursement must provide IRS Form W-9 to the Finance department, if not already on file.

To comply with the Tennessee Lawful Employment Act, non-employees (individuals hired as independent contractors, including single-member LLCs without an EIN) must have on file U.S. citizenship or naturalization documentation.

XI. SPECIAL PROVISIONS

All construction contract change orders must be within the original scope of work and for an unforeseen and reasonably unforeseeable circumstance. All contracts must be reviewed by the Madison County Financial Management Committee. Contracts must be signed by the Madison County Finance Director. The contracts, with documented approvals, should be submitted to the Finance Department for digital storage as soon as possible.

XII. CONFLICTS OF INTEREST

The County Financial Management System of 1981 contains a broad conflict of interest statute which prohibits the Finance Director, Purchasing Agent, members of the financial management committee, members of the county legislative body, or other officials, employees, or members of the board of education or highway commission from being financially interested or having any personal beneficial interest, either directly or indirectly, in the purchase of any supplies, materials, equipment or contractual services for the county. No firm, corporation, partnership, association or individual furnishing any such supplies, materials, equipment or contractual services, may give or offer, nor may the director or purchasing agent or any assistant or employee accept or receive, directly or indirectly, from any person, firm, corporation, partnership, or association to whom any contract may be awarded, by rebate, gift, or otherwise, any money or other things of value whatsoever, or any promise, obligation, or contract for future reward or compensation. T.C.A § 5-21-121.