

**TO:**

GENERAL FUND OFFICES AND DEPARTMENTS, HIGHWAY DEPARTMENT,  
JACKSON-MADISON COUNTY SCHOOL SYSTEM AND INDIVIDUAL SCHOOLS,  
JUVENILE COURT SERVICES, AND ANY AND ALL OTHER OFFICES, DEPARTMENTS,  
AGENCIES OF OR UNDER THE CONTROL OF MADISON COUNTY GOVERNMENT

**FROM:**

MADISON COUNTY TENNESSEE FINANCE DEPARTMENT

**SUBJECT: PURCHASING POLICIES AND PROCEDURES**

**EFFECTIVE DATE:** AMENDED OCTOBER 28, 2019, AS AMENDED

**INTENT:**

To establish 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.

**SCOPE:**

To regulate the purchase, rental or lease of any and all supplies, services, equipment or construction projects, and shall extend to every official, agent, department or agency of or under the control of Madison County Government.

**GENERAL:**

All "like items", those 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, as per the above definition of "like items" onto two or more purchase orders in an attempt to keep each under the bid and quotes limitations as stated in section A.

Anticipated purchases of “like items or services” from a single supplier which would exceed the established bid and quote limitations for the current budget year are also to be considered as a single purchase for audit purposes. If it is known that the total amount for these items or services is likely 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 price possible, and in no instance shall any purchase be made at a price higher than the prevailing current market price.

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 Master Card based purchasing card and should be used when possible as long as no additional charges will be applied. Purchasing cards are issued, once approved, by the Madison County Accounts Payable 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.

## **A. PURCHASING AND CONTRACTUAL LIMITATIONS**

PURCHASES WHICH MAY BE CONTRACTED FOR BY THE DEPARTMENT HEAD,  
or his/her designated official of each county office, department or agency without the requirement for price quotations or formal bids:

\$6,999.99 or less

PURCHASES WHICH REQUIRE PRICE QUOTATIONS, but not formal bids:

\$7,000.00 up to \$24,999.99 (As many quotations as reasonably possible for the products or services should be obtained and must be submitted when entered into Munis. When obtaining quotes, consideration must be given to more than just one brand/manufacturer when possible.)

PURCHASES WHICH REQUIRE FORMAL SEALED BIDS:

\$25,000.00 and above (All formal bids must be issued by the County 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 in any way intentionally favor one product or one vendor over another, or that 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 hardware, software, etc. purchases 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, & those items may only be supported/serviced on a “best effort” basis.

### PURPOSE FOR POLICY:

To provide consistent high quality IT service and support at the lowest cost as related to acquisition, service, labor, lifecycle, etc.

To centralize IT purchases and eliminate duplications with existing hardware and software resources.

To standardize hardware and software purchases.

To increase cost efficiency by allowing the IT Department to utilize & maintain national co-op agreements, as well as bids for hardware and software requirements.

A more extensive explanation of why this policy is necessary and beneficial to all departments may be obtained from the Madison County IT Department.

## **B. AWARDING OF BIDS AND SUCCESSFUL BIDDER NOTIFICATION**

Formal bids, as per the limitations above, shall only be awarded by the County Finance Department after an award recommendation has been made, received and approved by the Finance Department. The requesting department, office or agency must enter all required documents into Munis for a purchase order to be generated and funds encumbered.

## **C. SOLE SOURCE PURCHASES ARE NOT ALLOWED**

All purchases must follow the same limitations & guidelines as stated in section A.

## **D. 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 GAS 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.

#### **E. EMERGENCY PURCHASES OF GOODS OR SERVICES:**

Emergency purchases shall be contracted for only by the Madison County Finance Department, or by the department head of the requesting department after receiving authorization and instructions on how to proceed by the County Finance Department.

EXCEPTION: The requesting department may contract for emergency purchases of items or services if the need arises during a time when the County Finance Department cannot be contacted for assistance. If possible and when time will allow, a minimum of three price quotations should be solicited prior to the award of any emergency purchase or contract for services.

DEFINITIONS OF “EMERGENCY”: 1. An immediate need for goods or services due to safety concerns. 2. The probability of property damage or additional property damage if immediate actions are not taken. 3. Circumstances which would prevent an office or department from conducting business for an extended period of time. **Neglect in anticipating required goods or services, or delayed actions in obtaining required goods or services through normal purchasing procedures shall not be considered an emergency.**

#### **F. PROFESSIONAL SERVICES:**

It is not required that contracts for professional services which fall under this definition, as allowed by State standards and which would exceed the bid limit, be competitively bid, but at a minimum a legal notice must be published stating Madison County’s intent, and proposals accepted and considered from any interested firms or individuals.

#### **G. EXCEPTIONS TO BID AND QUOTE LIMITATIONS:**

Any office, department or agency of Madison County may purchase or contract directly and without the need for price quotes or formal bids from any current, active, and valid state SWC contract as awarded by the State of Tennessee Department of General Services, or Federal GSA contract, or other national cooperative contracts that have been 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.

#### **H. CONTRACT RETENTION:**

Regardless of the amount, for any and all contracts entered into by any department, office or agency of the County, one copy must be retained by the department head and one copy forwarded to the Finance Department.

#### **I. PARTIAL PAYMENTS AND/OR RETAINAGE:**

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.

#### **J. CONFLICTS OF INTEREST:**

All offices, departments, and agencies of Madison County shall adhere to all recognized code of conduct standards and to all conflict of interest policies adopted by Madison County relating to bid awards, as well as all other purchases/contracts for products and/or services.

\*\*\*Any additional policies, procedures, limitations, etc. adopted by the Jackson-Madison County School System must also be adhered to by all Jackson-Madison County School System departments and individual schools.

For questions or if additional information is required, contact  
Bill Vinson at 731-660-6221 ext. 3801 or [bvinson@madisoncountyttn.gov](mailto:bvinson@madisoncountyttn.gov)

For questions or information regarding Munis or Accounts Payable procedures, contact  
Lisa Peterson at 731-660-6221 ext. 3804 or [lpeterson@madisoncountyttn.gov](mailto:lpeterson@madisoncountyttn.gov)