



Fannin County Purchasing Manual

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INTRODUCTION

This manual contains the authorized procedures for purchasing by Fannin County officials and employees. The Fannin County Commissioners' Court promulgates these procedures, and only the Commissioners' Court shall make changes in the contents of this manual.

County purchasing procedures in Texas are governed by Texas statutes. The prevalent Texas statutes, including interpretations of them made by Texas courts, are the ultimate authority on the validity of purchasing procedures. Because the procedures described in this manual are based on state law, this manual, in many instances, contains language taken directly from statutes, and paraphrases of and broad generalizations about Texas statutory law have been included where appropriate to assist Fannin County Officials and Employees in applying the law in routine situations. This manual cannot address every situation; and when an unusual situation occurs or a difficult legal or factual problem arises, the exact statutory language must be reviewed and analyzed. In every situation, the final authority for county purchasing procedures is the law itself.

This manual is for the use of Fannin County employees and officials and is designed to assist them in complying with the laws governing county purchasing procedures. This manual does not create any rights of individuals or entities enforceable against Fannin County.

PURCHASING MISSION STATEMENT

Fannin County

The Purchasing department of Fannin County is committed to procuring goods and services in the most efficient and effective way to achieve the best price consistent with the quality needed to meet the requirements of the County, as purchasing professionals:

1. We seek to maximize the purchasing power of public funds, while promoting fair and open competition.
2. We work together to create innovative approaches to the procurement process for the benefit of our customers and the County.
3. We follow a strict Code of Ethics, avoiding the appearance of and the preventing the opportunity for favoritism.
4. We strive to create a friendly work environment through teamwork, respect, integrity and honest communication.

I. STATEMENT OF GENERAL POLICY

It is the policy of Fannin County that all purchasing shall be conducted strictly on the basis of economic and business merit. This policy is intended to promote the interest of the citizens of Fannin County.

To avoid violation of or the appearance of violation of the policies in this manual, county employees and officials are prohibited from:

**Seeking or accepting, directly or indirectly, any loans,
Services, payments, entertainment, trips or gifts of
Merchandise or money in any amount from a business
or an individual doing or seeking to do business with the county.**

It is important to remember that county purchasing operates in full view of the public. In order to assure an open purchasing process and economy in purchasing, the Commissioners Court has determined that competitive bidding will be used as much as possible in the purchase of goods and services for the County.

Fannin County intends to maintain a cost effective purchasing system conforming to good management practices. To be successful, the system must be backed by proper attitudes and cooperation of not only every department head and official, but also every supervisor and employee of Fannin County. The establishment and maintenance of a good purchasing system is possible only through cooperative effort.

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.

The purchasing process is not instantaneous. Time is required to complete the steps required by State law. In order to accomplish timely purchasing of products and services at the least cost to Fannin County, all departments must and shall cooperate fully. Prior planning and the timely submission of requisitions are essential to expedite the purchasing process and to assure that the process is orderly and lawful.

II. PURCHASING AUTHORITY AND GENERAL GUIDELINES

Authority to make County purchases resides in either the County Purchasing Department or the Commissioners' Court. The Purchasing Department is responsible for making purchases of supplies, materials, equipment, and for making contracts for repairs to County owned property, except in cases where competitive bids are required by law. All competitively bid contracts are made by and through the Commissioners' Court. Such purchases made on competitive bids shall be supervised by the Purchasing Agent in accordance with the purchase contract. (Code, Chapter 262.011(e)). Competitive bidding is generally required on all purchases or repair contracts for **\$50,000** or more.

General guidelines for purchasing and utilization of this manual are as follows:

- (1) Determine whether the county is required to make the purchase by competitive bidding. Generally, competitive bidding is required on any purchase likely to equal or exceed **\$50,000**. Unless a bid contract for the goods or services already exists, the items required to be purchased through competitive bidding will be purchased as described in Section V. Questions regarding the necessity of competitive bidding should be answered by the Purchasing Department.
- (2) Other Purchases -- Special procedures are available for and applicable to the purchase of particular goods and services, summarized as follows:

- (a) Unbudgeted Capital Expenditures -- purchases not authorized in a Department's current budget must be authorized through a budget amendment by the Commissioners' Court. (See Section VI, A).
- (b) Blanket Purchase Orders -- acquisition of goods or services on an "as needed" basis may be authorized in appropriate instances by a blanket purchase order. (See Section VI, B)
- (c) High Technology and Insurance -- as an alternative to competitive bidding, in the case of high technology items and insurance, competitive proposals from vendors may be solicited by the county when, in the judgment of the Commissioners' Court, this procedure is preferable. (See Section VI, C).
- (d) Professional and Personal Services -- Professional and Personal Services are exempted from competitive bidding, in which case they are obtained through Requests for Proposals as described in (Section VI, D).
- (e) Emergency Purchases -- items otherwise required to be competitively bid may be exempt from the competitive bidding process by the Commissioners' Court if (1) a prompt purchase is required, due to a public calamity, to meet a necessity of the citizens or preserve public property, (2) the purchase is necessary to preserve the public health or safety of a county residents, or (3) the purchase is required due to unforeseen damage to public property. (See Section VI, E)
- (f) Work in Progress -- this may be exempted by the Commissioners' Court and paid for by the day, after it is performed.
- (g) Land and Right-of Way Acquisition -- this has been exempted by the Commissioners' Court from competitive bidding.
- (h) Sole Source Items -- an item available from only one source may be purchased without competitive bidding, with the approval of the Commissioners' Court, as provided in (Section VI, F).
- (i) Equipment Maintenance Services -- Maintenance is arranged through the Purchasing Department as described in (Section VI, G).

III. REQUISITIONS

A. Necessity of Requisition

A requisition is required for all purchases (Art. 1661, V.T.C.S.). The purpose is two fold: (1) to inform the Purchasing Department of the needs of the requesting department; and (2) to identify correctly and clearly the material requested. Requisitions must be prepared well in advance to enable the Purchasing Department to find a vendor and to allow for delivery by the vendor at the best possible price.

B. Preparation of Requisition

Use a separate requisition for each class of items. i.e. copier toner, fuel, capital equipment would all be entered on separate requisitions. Requisition forms are available on the Network. A requisition may be delivered by e-mail, fax, inter-office mail or hand delivered to the Purchasing Department. The Purchasing Department will maintain a list of authorized personnel whom have the authority to make purchases.

A requisition must contain the following information for proper processing .

- (1) **DEPARTMENT & DATE.** Give the name of the Department; date the requisition is forwarded to Purchasing and the date on which the item is needed.

- (2) **VENDOR.** (a) If the item is to be acquired under an existing bid contract, the vendor awarded the contract must be identified. (b) If the item is not under contract, vendor designation is requested. When possible, refer the Purchasing Department to vendors whose products have been used previously and found to be satisfactory.
- (3) **QUANTITY REQUIRED.** State the number required. In addition to the number, where needed also provide the unit measure such as “dozen”, “gallon”, “each”, etc.
- (4) **DESCRIPTIONS AND SPECIFICATIONS.** Describe the item needed clearly. Provide size, color, type, grade, etc. Departments must also provide detailed and technical specifications when needed. When necessary, write descriptive information on a separate sheet and attach the sheet to the requisition.
- (5) **ESTIMATED COST.** (a) If the item is covered by a bid contract, insert the contract price on a per unit basis. (b) If not subject to an existing contract, provide an estimated price.
- (6) **FUND/DEPARTMENT NUMBER AND BUDGET LINE ITEM.** Identify, according to the County budget, the fund/department number from the department making the purchase. Designate, according to the County budget, the department’s budget line item against which the purchase should be charged if budgeted funds are available.
- (7) **CERTIFICATION.** The Department Head or authorized person must forward this requisition to the Purchasing Department.

C. Office Supply Orders

- (1) **Office supplies are purchased via the Internet from a current contract. Purchasing and/or Treasurer’s Office acting as an agent of the Commissioners Court and Purchasing will facilitate all orders.**
- (2) **Purchasing and/or Treasurer’s Office will place orders for office supplies upon receipt of a purchase requisition , which will be forwarded, to the Auditor to review order and verify funds. Purchasing and/or Treasurer’s Office will then remit order to vendor. Delivery will be made to the Purchasing Department and/or Treasurer’s Office for verification. The Department requesting the supplies will be notified to pickup supplies or will be delivered if time available.**
- (3) **An Office Supply Store is maintained by the Treasurer’s Office on supplies that are frequently used and where buying in bulk is in the best interest of the County.**

IV. PURCHASE OF MATERIALS, AND SUPPLIES

A. General

Materials and supplies not available from the current office supply contract via the Internet are acquired through the Purchasing Department. Additionally, contracts for repairs to property used by the county are entered through the Purchasing Department.

Methods and procedures for acquisitions through the Purchasing Department are described below:

B. Responsibilities of the Purchasing Department and Requesting Departments

This section of the procedure manual outlines the responsibilities of the county departments when making an acquisition through the Purchasing Department. It should be used as a guide to help departments do their part in purchasing.

- (1) The Purchasing Department’s responsibilities are to:
 - (a) Obtain information about and to determine the needs of the departments of the County.

- (b) Secure the product that each department needs, at the least cost to the County.
 - (c) Know the sources for and availability of needed products.
 - (d) Aid and to cooperate with all departments of the County to meet their equipment and supply needs.
- (2) Requesting Departments' responsibilities are to:
- (a) Make requests early enough to allow sufficient time for the vendor to make delivery at the best possible price.
 - (b) Supply detailed specifications of item requested.
 - (c) Inform the Purchasing Department or Commissioners' Court of all unusual demands.
 - (d) Take no actions that might be viewed as obligating or committing the County, except in an emergency.
 - (e) Make no commitments regarding commodities or services in the name of the County. Such commitments will be VOID unless they are made by the Purchasing Agent, the Commissioners' Court, or other agents of the Commissioners' Court.

C. Purchasing Procedures

- (1) Capital Purchases: If the requisition is for the purchase of a capital item (\$5000.00 or more) one of the following alternative procedures should be followed:
- (a) If an Unbudgeted capital expenditure, See (Section VI, A).
 - (b) If the capital expenditure is budgeted and the item is **\$50,000** or more it must be competitively bid, as described in (Section V).
 - (c) If a budgeted capital expenditure of less than **\$50,000.00** the item may be acquired through Purchasing as described on the next page.
- (2) Requisition: complete a requisition as described in (Section III, B) and forwarding a copy to the Purchasing Department.
- (3) Preparation of Purchase Order: Purchasing will enter the requisition into the computer system for preparation of a purchase order document. If funds are unavailable, the Purchasing Department will return the requisition to the department. Purchasing will obtain written or phone quotations for purchase orders less than \$50,000.00 or if determined to be in the best interest of the county prepare formal bid or proposal for approval by Commissioners Court.**
- (4) Placing Order: For purchases requiring delivery of items, Purchasing will send the original copy of the purchase order to the vendor (if required) and distribute copies as follows:
- (a) a copy to Purchasing to be retained with original requisition.
 - (b) a copy to be retained by Auditor with invoice.

V. BIDDING PROCESS AND PROCEDURES

A. Bid Procedures for Budgeted Item -- Purchase over \$50,000 or less if determined to be in the best interest of the county.

Requesting Department's Responsibilities

- (1) Submit a requisition to the Purchasing Department far enough in advance of the desired purchase date to allow time for the formal bidding process.
- (2) Be present and prepared to discuss the request at the meeting of the Commissioners' Court during which the need of the item and the bid specifications are considered.

Purchasing Department's Responsibilities

- (1) Review bid specifications to determine adequacy in light of general requirements and to insure that they are not unduly restrictive.
- (2) Prepare final bid specifications for Commissioners' Court approval.
- (3) Prepare agenda request and notify the requesting Department of agenda date and time.
- (4) Following approval by Commissioners' Court, mail bid specifications to vendors.

B. General Bidding Information

The Purchasing Agent will insure publication of the legally required notice. No specifications are to be written with the intent to exclude a possible bidder. Competitive bidding can be let on either a lump sum or a unit price basis. If unit price bids are solicited, the needed quantities of each item are to be estimated in the requisition based on the best available information. The successful bidder's compensation, however, will be based on the actual quantities supplied, furnished or constructed.

C. Bid Opening

Following receipt of bids by Purchasing Department, bids will be publicly opened in the Commissioners Court . Anyone may attend. All sealed bids will be opened on the assigned day at the designated time. Bids will be read aloud and recorded on a bid tabulation sheet. The Purchasing Department will furnish copies of the bids to requesting department.

D. Bid Recommendations

After examining copies of all the bids, the requesting Department will send a written recommendation for bid award to the Purchasing Department at least seven day prior to the deadline for Commissioners' Court agenda. The Purchasing Agent will verify recommendation to the lowest bid received. Any recommendation to award to other than the low bidder will be presented to the County Judge for resolution prior to submission to Court.

After certification of recommendations the Purchasing Agent will obtain an agenda setting, notify the Department and forward the bid recommendation; along with a bid summary, to the Commissioners' Court.

A contract shall not be awarded to a bidder, who is not the lowest dollar bidder meeting specifications unless, before the award, each lower bidder is notified by the Purchasing Agent of the proposed award and offered an opportunity to appear before the Court and present evidence concerning the lower bidders responsibility.

E. Bid Award

Bids will be awarded to the lowest and best responsible bidder. In addition to the price, the Commissioners' Court will consider:

- (1) The quality of the product;
- (2) The adaptability of the product to the intended use; and
- (3) The ability, experience, efficiency integrity, and financial responsibility of the bidder.

When the county receives only one bid, the bid may be accepted if the Commissioners' Court determines the price is fair and reasonable. If the price is not fair and reasonable, the bid is rejected.

If two or more responsible bidders submit identical bids, the bid award will be made by drawing lots as directed by the County Judge.

F. Bid Bonds

A vendor awarded a contract may be required to post bond. If it is required, the Purchasing Agent will include the requirement in the bid advertisement. A performance bond is required for all contracts in excess of \$100,000 (LGC 262.032). The performance bond amount that will be required shall not be less than 5% of the total contract price.

G. Acquisition of Item After Bid Award

Following award of the bid contract by the Commissioners Court, a purchase order will be entered in the system and the successful Vendor will be notified.

H. Change Order

A change order may be required when it becomes necessary to make changes after performance of the contract has commenced. The Purchasing Agent is authorized to approve increase or decreases to the original contract price of \$5,000 or less. The original contract price may not be increased by more than 25%. All change orders requiring increases or decreases to the contract price involving more than \$5,000 must be approved by the Commissioners' Court. All decreases of 18% or \$5,000 or more of the original contract price must have the written consent of the contractor.

Any major alterations of the plans or specifications must be submitted to the Commissioners' Court for approval.

VI. SPECIAL PURCHASES

A. Unbudgeted Capital Purchases

If the needed capital item was not included as part of the County Budget, the following procedures should be followed in order to obtain budgetary authorization:

- 1) The requesting department must fill out a requisition form and attach a memo justifying the need for the item.
- 2) The requesting department shall include in the memo a cost estimate justifying the need and a statement of whether there are available departmental funds that may be used for this purchase on a specific line item.
- 3) The requesting department must contact the County Auditor prior to requesting a change in line item amounts on the budget.

4) The Auditor will then present the request to the Court. The Commissioners' Court will approve or decline the request. If approved, normal purchasing procedures apply.

5) After the Commissioners' Court has granted budget authorization, the item will be competitively bid if over \$50,000.

B. Acquisition under a Blanket Purchase Order

(1) Authorization of Blanket Purchase Order

A Blanket Purchase Order authorizes a County department to obtain up to a specified amount of material (services or supplies) on a continuing base from a vendor. Such Purchase Orders are authorized only by the Purchasing Department in appropriate circumstances, e.g., obtaining parts for vehicle maintenance as needed by the County Shop. Any department foreseeing a definite and regular need for items not available routinely through the supply room should consider contacting the Purchasing Department to investigate obtaining a Blanket Purchase Order for such items.

Blanket Purchase Orders anticipated to exceed \$50,000 during the course of a budget year must be competitively bid, as described in (Section V). No Blanket Purchase Order may Exceed budgeted funds for such purchases by the Department.

(2) Procedure for Acquisition under Blanket Purchase Order

All Blanket Purchase Orders will be for goods not delivered to purchasing. Procedures to acquire items under these contracts are as follows.

- (a) The department will pick-up or receive items during the course of a calendar month according to the terms of the contract.
- (b) The department will retain receipts and/or delivery tickets for all items picked up or delivered during the month.
- (c) At the end of each month, the department will attach receipts/delivery tickets to the department's copy of the Blanket Purchase Order and forward them to the Purchasing Department.
- (d) The Purchasing Department shall enter into the computer information concerning the items received, and payment will then be made.

(3) Utility Blanket Purchase Orders may be used for utilities expenses. ie; electric, water, gas and telephone.

C. Insurance and High Technology Items

(1). **Insurance and high technology items valued in excess of \$50,000 will be obtained through a proposal process or through the GSC and CISV catalogue system. All specifications must be approved by the ISS Department.**

“High Technology Item” means a service, equipment or good of a highly technical nature, including:

- (a) data processing equipment and software and firmware used in conjunction with data processing equipment;
- (b) telecommunications, radio and microwave systems;
- (c) electronic distributed control systems, including building energy management systems; and
- (d) technical services related to the above items.

(2) CISV Texas Catalogue Purchasing Program

- (a) The requesting department must clearly and accurately describe the goods/services to be purchased
- (b) High Technology items may be purchased by RFQ through the CISV system.
- (c) At least 3 catalogue vendors will be selected to receive an RFQ.

D. Professional and Personal Services

(1) Definition of Professional Services

Professional services are services provided by or within the scope of services provided by licensed physicians, optometrists, architects, certified public accountants, registered engineers and licensed attorneys.

Professional services are procured through the Request for Proposal process. The selection of providers of professional services will be based on the competency of the firm or individuals--not on competitive bidding. Departments requiring professional services must review the experience and capabilities of the prospective service providers through proposals and interviews.

(2) Definition of Personal Services

Personal Services contracted to be performed by a specific person.

(3) Procedure

(a) Solicitation of Proposals

After approval by the Commissioners Court, Purchasing will send the RFP to potential professional service providers. Purchasing Agent will order advertisement of the request. The service providers will submit proposals to the Purchasing Department. The Purchasing Department shall open proposals on the date specified in the request for proposals. Confidential and trade secret information, identified as such in the proposal, shall not be publicly disclosed, but the remainder of the proposal shall be open for public inspection following award of the contract.

(b) Evaluation of the Proposals

Purchasing Department and submitting Department may conduct further discussions and negotiations with responsible offers after the opening. All offers receive fair and equitable treatment with regard to such discussions and negotiations. An evaluation of proposals shall be made by the Purchasing Department. The evaluation of each service provider will cover at least the following:

- General quality and responsiveness,
- Organization and personnel, and
- Price and price breakdown or price range and cost schedule.

(c) Recommendation

After evaluation, Purchasing will arrange an agenda date, notify the Department, and transmit the recommendation to the Commissioners' Court. The Commissioners' Court will award the contract. A purchase order will be issued for the services after the contract award has been made.

The County Judge must approve any exceptions to the procedures outlined above for professional services, in writing. On a case-by-case basis, the County Judge will determine whether to approve exceptions to these procedures.

E. Emergency Purchases

Emergency purchases are authorized in extremely limited circumstances: (a) in the event of public calamity for the benefit of the county citizens or to protect public property; (b) in order to protect the public health or safety of county residents; or (c) when made necessary by unforeseen damage to public property. Depending upon the time of the emergency and type of purchase necessary, one of the following procedures should be followed:

(1) **After hour's emergency -- in such instances the department must take the necessary action to obtain the needed goods or services. If, however, the Department is aware that the purchase involves an expenditure of \$50,000 or more, a reasonable effort should be made to contact the County Judge to notify him or his designated representative that the emergency exists. The next working day the Department should contact Purchasing to obtain a requisition and purchase order; procedures applicable to phone in purchase orders may be followed.**

(2) **Emergency during working hours -- (a) If the purchase is for less than \$50,000 and budgeted funds are available, phone-in purchase order procedures may be utilized; (b) if the purchase is less than \$50,000 and funds are not available, approval of the County Judge must be obtained by Purchasing prior to acquiring the item using the phone in purchase order procedure; or (c) if the purchase is in excess of \$50,000, Purchasing must obtain approval of the 3 members of the Court for the purchase and then utilize phone in purchase order procedures.**

F. Sole-Source Purchases

An item valued in excess of \$50,000, which would otherwise be purchased by competitive bidding, may be purchased without the necessity of bidding if it is available from only one source. Typical items in this category include patented or copyrighted material, secret processes, natural monopolies, utility services, captive replacement parts or components for equipment, and films, manuscripts or books. Such items may be purchased from a sole source without competitive bidding only after the Purchasing Administrator, in writing, certifies the existence of only one source to the Commissioners' Court and the Court enters a finding of such in its minutes.

G. Equipment Maintenance

Maintenance service on County owned equipment is arranged through the Purchasing Department. The Department requiring maintenance should contact Purchasing, which will initiate one of the procedures described below.

(1) Equipment under warranty or existing maintenance contract -- Purchasing will contact the appropriate vendor and arrange for the service. After the equipment is serviced, the Department should notify Purchasing that the equipment has been serviced and forward the service ticket to Purchasing for filing.

(2) Service of Other Equipment

- (a) Purchasing will contact vendor(s) and obtain estimate(s) of cost. If estimated cost is not justified (e.g., cost of repair exceeds replacement cost or value of equipment), Purchasing will advise the Department and declare the equipment surplus. If the Department objects to the equipment being declared surplus, the final decision on whether or not to declare the equipment surplus will be made by the Commissioners' Court.
- (b) If the cost of maintenance is justified, Purchasing will prepare a requisition and purchase order, notify the vendor of the purchase order, and arrange for the service.
- (c) After the equipment has been serviced, the Department will notify Purchasing and forward the service ticket to Purchasing.

H. Impracticality of Preparing Detailed Specifications

If the Purchasing Agent determines that it is impractical to prepare detailed specifications for an item to support the award of a purchase contract, the Purchasing Agent shall notify Commissioners' Court that it is impractical to prepare detailed specifications for an item to support the award of a purchase contract, Commissioners' Court shall instruct the Purchasing Agent to follow purchasing procedures as prescribed in "Alternative Multistep Competitive Proposal", Section 262.0295 of the Local Government Code.

VII. INSPECTING, TESTING AND RECEIVING

It is the responsibility of each County department to see that all purchased items conform to the quantity, quality and specifications of the order.

As much as possible merchandise should be received at purchasing before it is sent to the requesting department. After delivery of the merchandise to the requesting department, the department must determine whether the goods are acceptable. If they are not, the Receiving Department must immediately notify the Purchasing Department of the reasons why the merchandise is not acceptable. The Purchasing Department will then contact vendor for replacement, cancel the order, or take other appropriate action to obtain correct merchandise.

VIII. COUNTY-OWNED SUPPLIES AND EQUIPMENT

All County-owned supplies, equipment and machinery must be used only for County business. Elected Officials and Department Heads are responsible for the proper accounting for, maintenance of and use of County equipment.

A. Receipt of New Property -- Tagging

New property with a value of \$500 to \$4,999.99 will be tagged with a County Property tag with a sequential number; assets with a value of \$5,000.00 or more will be tagged with a County Property tag with a sequential number for inventory purposes by the Purchasing Department.

B. Elected Official and Department Head Responsibility

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.

C. Controlled Property

Each Elected Official and Department Head shall maintain control over property not defined under the capitalization policy, yet considered high-risk items. High-risk items include, but are not limited to, weapons, electronics, tools, and computer peripherals. Each Elected Official or Department Head to track such items shall establish internal procedures. The County Auditor upon request shall make reports of high-risk items available for inspection.

The Information System Services shall maintain an inventory of all computer equipment for the purpose of tracking and maintenance. This inventory does not absolve Elected Officials and Department Heads from the responsibility of assuring stewardship of the property or the reporting requirements for the property.

D. Transfer of Property (LGC 262.011(j))

The Purchasing Agent is authorized by Commissioners Court to transfer supplies, materials and equipment among the various County departments. The transfer or trade of any equipment (not limited to capital items) from one department to another must be handled through Purchasing. In the event an item is no longer required, the department shall notify the Purchasing Department in writing. The Purchasing Department will direct appropriate action to be taken.

The Purchasing Department and other departments are encouraged to make inquiries as to unused or unneeded equipment in the possession of other departments, but the decision as to whether the property is unneeded ultimately rests with the Purchasing Agent as authorized by Commissioners Court.

The Purchasing Agent shall furnish a list of transferred supplies, materials and equipment to the County Auditor.

E. Missing Property

Lost or stolen property must be reported immediately. The Elected Official or Department Head must make reports of loss or theft in writing to the Purchasing Agent. Reports of theft must have attached a copy of the theft report compiled by the proper law enforcement agency.

If an item cannot be located, Purchasing will verify all proper documentation has been submitted by the respective department and remove the item from the financial accounting system.

F. Disposal of Surplus or Salvage Property (LGC 263, Subchapter D)

The Purchasing Agent may periodically request that the Commissioners Court declare property “surplus” (in excess of needs, but still useful) or “salvage” (valueless property). Surplus or salvage property may be sold by competitive bid or auction by the Purchasing Agent as provided in Section 263 of the Local Government Code. Surplus or salvage property is not limited to capital items as defined herein.

County employees will be given the same opportunity afforded to other persons to bid on and purchase surplus properties offered at a public sale or auction.

No Purchasing Department employee or his or her immediate family may bid on property sold through a Sealed Bid Sale. Purchasing Department employees may not knowingly purchase or receive merchandise through a third party through a Sealed Bid Sale.

Fannin County may sell surplus or salvage property to another county or a political subdivision within the county, or offer the property as a trade-in for new property of the same general type. Commissioners Court may order the property to be destroyed or disposed of if bids are not received from a public auction or sealed bid sale.

G. Inventory Arrangements – Resignation, Retirement or Removal

When an Elected Official or a Department Head leaves his or her County employment, arrangements must be made with Purchasing for an equipment inventory far enough in advance to insure that the inventory can be taken before the termination date. The Purchasing department will provide to the Auditor and the Commissioners Court a full report, noting any discrepancies between property actually located and property listed on the inventory. The County Official or Department Head will be personally accountable to the Court for all missing items.

H. Annual Inventory

On July 1 of each year, the Purchasing Agent shall file an inventory of all property of the county with the District Judges, the County Auditor and the Commissioner Court based on the information submitted by the Elected Officials and Department Heads for the purpose of financial accounting and inventory control.

IX. LEGAL BASIS FOR PURCHASING

A. Govt. Code Chapter 2254 -- Professional Services Procurement Act

Counties may not bid contracts for professional services. These contracts instead must be awarded on the basis of “demonstrated competence and qualification for the type of professional services to be performed.” Fees must be “fair and reasonable,” consistent with and not in excess of published recommended practices and fees of applicable professional organizations, and not in excess of any maximums specified by State law.

“Professional services” includes services within the scope of the practice of: accounting, architecture, optometry, professional engineering; this includes services performed by any licensed architect, optometrist, physician, surgeon, certified public accountant, registered professional engineer or licensed attorney in connection with his or her professional employment or practice.

B. Code* Chapter 271, Subch. D -- Purchase Under State Contract

The State Purchasing and General Services Commission may perform purchasing services for local governments (including counties). The county may participate by adopting a resolution. The contents required in the resolution are stated in the statute. A county that purchases under state contract satisfies all competitive bidding laws. (Formerly article 664-7).

C. Code Chapter 171 -- Conflict of Interest

Ownership of certain property or business interests may require that a local public official refrain from participation in votes or decisions and/or refrain from certain acts if the vote, decision or act involves the business interests or property owned by the public official or by a person related to the public official within the second degree of consanguinity or affinity.

“Local public official” includes members of the county governing body or other county officers, whether elected or appointed, paid or unpaid.

A person is deemed to have a substantial interest in a business entity” if”:

- (1) Ownership of ten per cent (10%) or more of voting stock or shares of the business entity, or ownership of \$2,500 or more of the fair market value of the business entity; or

- (2) Proceeds received from the business entity exceed ten per cent (10%) of the person's gross income for the prior year.

A person is deemed to have a substantial interest in real property if the interest, whether involving equitable or legal ownership, has a fair market value equal to or exceeding \$2,500. A local public official is deemed to have a substantial interest in the business entity or in land if a person related to the official within the second degree by consanguinity or affinity has a substantial interest in said business entity or land as defined above.

If the local public official has a substantial interest in a business that seeks to do business with the county, the official must file with the county clerk an affidavit stating clearly the nature and extent of his interest. The public official must then abstain from participation in any matter involving or between the county and the business in which he has the substantial interest. In particular, this includes abstention from votes or other decisions regarding the business entity, if it is reasonably foreseeable that action taken on the matter would or might confer an economic benefit on the business. The official must not act as surety for the business if it has work, business or contracts with the county. An official may not knowingly act as a surety on any official bond required of an officer of the county. A violation of any of these is a crime (CLASS A misdemeanor).

The County Commissioners' Court may, however, contract for services or personal property with a business entity in which a member of the court has a substantial interest if the business entity (1) is the only business entity which can provide the needed service or property within the jurisdiction of the Commissioners' Court, and (2) bids on the contract.

The Commissioners' Court must take a separate vote on any budget item that is specifically concerned with a contract involving a business entity in which a member of the Court has a substantial interest. The Commissioner having the substantial interest may not participate in that separate vote; he may, however, vote on the final budget if: (1) he has otherwise complied with the requirements of Chapter 171, some of which are indicated above, and (2) the matter regarding the business entity with which the member is concerned by virtue of his substantial interest has been resolved. (Formerly article 988b)

D. Code Chapter 262, Subch. A -- County Contracting Agent

The Commissioners' Court may at its discretion appoint an agent with authority to contract on behalf of the county for (1) erecting or repairing county buildings; (2) supervising same; or (3) any other purpose authorized by law. Any contract or other act of such an agent that is properly executed on behalf of the county and is within the agent's authority is binding on the county for all purposes. (Formerly article 1580)

E. Code Chapter 262, Subch. B -- County Purchasing Agent

A board composed of the judges of the district courts in a county and the county judge, by majority vote, may appoint a suitable person to act as the county purchasing agent.

The purchasing agent's term of office is two (2) years. The agent is subject to removal by the judges. A \$5,000.00 performance bond is required of the agent.

If appointed, the county purchasing agent "shall" purchase all supplies; materials and equipment required or used by the county and "shall" contract for all repairs to county property, except purchases and contract that are required to be obtained by competitive bid. The purchasing agent also supervised all purchases made by competitive bid.

It is unlawful (and there may be criminal penalties) for any other person, firm or corporation, other than the County Purchasing Agent, to purchase any supplies, materials or equipment or to contract for repairs to property used by the county. Section 262.011(d), (m). The county auditor may not draw or approve and the county treasurer may not honor a warrant for any purchase unless that purchase has been made by the County Purchasing Agent or by competitive bid as required by law.

The Agent has a number of other duties that are specifically set out in Chapter 262, Subch. B. e.g., the County Purchasing Agent may cooperate with a City Purchasing Agent to purchase items in volume. The County Purchasing Agent is responsible for filing with the County Auditor, the Commissioners' Court on each July 1st and inventory of all county property on hand and belonging to the county.

In order to prevent unnecessary purchases, the County Purchasing Agent shall transfer any county supplies, materials and equipment from any department not needing them to another department requiring them. Upon so doing, the Purchasing Agent shall furnish the departments with a form to sign to transfer such item.

The County Purchasing Agent may have assistants. The Agent and assistants may have any help, equipment, supplies and/or traveling expenses that may be approved and considered advisable by the Commissioners Court.

The authority of the County Purchasing Agent applies to all purchases of supplies, materials and equipment for the use of the county and its officers, including purchases made by officers paid out of fees of the office or otherwise, regardless of whether the purchase contract is made by the commissioners' court or any other officer authorized to bind the county by contract.

F. Code Chapter 263, Subch. D -- Disposition of Salvage or Surplus Property

Surplus property is property in excess of needs, but property that still has some usefulness. Salvage property is defined as property having no value for the purpose for which it was originally purchased.

Surplus or salvage property may be sold by competitive bid or may be auctioned. It also may be offered as a trade-in on new property of the same general type. If the commissioners' court cannot sell or trade in the property, the property can be destroyed. (Formerly Act. 664-7)

G. Code Chapter 262, Subch. C -- County Purchasing Act (Competitive Bidding)

The legislative scheme contained in the newly codified Local Government Code continues the substance of (no repealed) Article 2368a-5, and became effective September 1, 1987. It is a comprehensive county purchasing statute. The statute includes:

1. Competitive bidding requirements, procedures and exemptions;
2. An alternative competitive request scheme and proposal procedure for insurance or high technology items (see section 262.030); and
3. Bond requirements for bidders.

The competitive bidding procedures must be strictly complied with except for certain specific exemptions enumerated in the statute. These include certain emergencies and cases involving sole suppliers. Failure to follow the bidding requirements of the act may subject the contract to injunction to prohibit its performance. See section 262.033.

All separate, sequential or component purchases of items ordered or purchased by the same officer or department from the same supplier in any attempt to avoid the bidding requirements are treated as parts of a single purchase or contract. 262.023(c). Any county officer or employee who knowingly or intentionally makes or authorizes separate, sequential or component purchases in avoidance of the competitive bidding requirements is guilty of a CLASS B misdemeanor. Automatic and immediate removal of the officer or employee from his county office or position results upon final conviction. 262.034(a).

Intentional or knowing violation of the subchapter is a CLASS C misdemeanor. (Formerly article 2368a-5).

H. Code Chapter 113 -- Approval of Claims by County Auditor

Each “claim, bill and account “against the county” must be filed with the county auditor, allowing sufficient time for the auditor to “examine and approve” the claim before the meeting of the Commissioners’ Court at which it is to be approved. Such claim, bill or account may not be paid or allowed until it has been “examined and approved” by the county auditor. Section 113.064(a). The auditor may not audit or approve a claim unless the claim was “incurred as provided by law.”

The auditor may not audit or approve and account (i.e., claim) for the purchase of supplies or materials for the county unless a requisition properly signed by the officer ordering the supplies or materials and approved by the county judge is attached to the account (claim). Section 113.901(a). The county judge may, by written order, waive the requirement that he approve requisitions. If this approval requirement is waived, all claims must be approved by the Commissioners’ Court in open court. (Formerly article 1 1661 (1), (2)

Notes:

X. PURCHASING CARD POLICY AND PROCEDURES

1. PURPOSE

To establish policies and procedures for procuring goods and/or services using a Purchasing Card. The purchasing card program is designed to streamline the purchasing and accounts payable process by reducing the paperwork generated by small dollar, high volume transactions, providing immediate access to goods and/or services, and facilitating quick payment to vendors.

This policy includes procedures for the following:

- Establishing Purchasing Limits
- Establishing Allowable/Prohibited Purchases
- Security
- Charge Transaction Declines
- Merchandise Returns
- Monthly Statements and Reports
- Reconciliation
- Payment Processing
- Records Management

2. SCOPE

This policy applies to all Fannin County departments and individual, permanent employees. All Purchasing Cards shall be governed by this policy and used in a manner that complies with State Law and Fannin County policy regulating the procurement of goods and services.

3. POLICY

Employees who use the Purchasing Card to perform official County business will use the Card as provided in this policy

4. DEFINITIONS

Purchasing Card – The Purchasing Card is a commercial credit card for small dollar purchases of goods and/or services necessary for official county business. The Purchasing Card may be issued to an individual, permanent employee for purchases by the designated employee only.

Purchasing Card Program Administrator – The County Purchasing Agent will be the single point of contact between Fannin County and the Bank for general oversight of the Purchasing Card Program.

Departmental Purchasing Card Coordinator – An individual or backup approved by the Elected Official or Department Head who is responsible for administration and control of the departmental implementation of the Purchasing Card Policies and Procedures.

Purchasing Cardholders – Full-time, permanent employees that have been designated by the Elected Official or Department Head to be issued a Purchasing Card in their name for use under these policies and procedures.

Bank – The bank selected by the County to provide the Purchasing Card program.

5. RESPONSIBILITIES

It shall be the responsibility of the Purchasing Department to:

Develop policy and procedures for the use of Purchasing Cards that comply with State Law.

Administer the Purchasing Card Program, to include the following responsibilities:

- Serve as primary contact with the Bank for Purchasing Cards.
- Serve as primary contact with the Departmental Purchasing Card Coordinators.
- Approve/process applications for the issuance of Purchasing Cards for users in compliance with the requirements as stated in the policy.
- Establish guidelines and criteria for transactions and cumulative dollar limits for Purchasing Cards.
- Approve/process changes to Cardholder limits and restrictions as authorized by Elected Officials, Department Heads or the Departmental Purchasing Card Coordinators.
- Keep a current list of Cardholders, card numbers and card limits.
- Coordinate training on Purchasing Card usage and small purchase policies and procedures. Potential cardholders must receive training prior to receiving a Purchasing Card.
- Review departmental compliance/submission of approved Monthly Statement reconciliations.
- Cancel and suspend cards as requested by Elected Officials, Department Heads, Departmental Purchasing Card Coordinators.
- Coordinate any system updates needed to interface with the County's accounting system.
- Review transactions for verification of small dollar purchases and price agreement opportunities.
- Cardholders are considered assistants of the Purchasing Agent for purposes of Purchasing Card use. Therefore, final authority for usage and control resides with the Purchasing Agent. The Purchasing Agent may cancel a Purchasing Card at any time without cause.
- Spending limits may be adjusted at the Purchasing Agent's discretion to accommodate emergency purchases.
- Maintains and updates Purchasing Card Guidelines.

Provide direction for vendor enrollment.

It shall be the responsibility of the Auditor's Department to:

Establish General Ledger hierarchy for Purchasing Card purchases in conjunction with current financial software program.

Review Monthly Billing Statement from the Bank and supporting documentation from the Departments ensuring timely payment of monthly indebtedness.

Process General Ledger interface for monthly County Purchasing Card purchases.

Conduct random audits of Purchasing Card transactions to act as a check on departments carrying out their responsibility for audit and compliance with State Law and County policies.

It shall be the responsibility of all Elected Officials or Department Heads to:

Designate which employees will receive a Purchasing Card and set limits for each Cardholder's account. Cardholder limits will include monthly spending limits, number of transactions per day, number of transactions per billing cycle, and merchant category restrictions. These limits will be based on the Cardholder's purchasing requirements and will not exceed the limits established by Purchasing Card Program Administrator.

Approve all departmental transactions for processing by Auditor's Office.

Recommend suspension or cancellation of a card to Purchasing Card Program Administrator.

Notify Purchasing Card Administrator to cancel card privileges, if employee is terminated or changes positions; collection of card from employees.

Designate Departmental Purchasing Card Coordinator (and alternate) for each Department who will be responsible for the following:

- Verify that information on Requests for Purchasing Cards is correct and that Purchasing Cards are issued within the guidelines established by Purchasing Card Program Administrator. (Exhibit #1)
- Monitor purchases made by Cardholders.
- Enforce timely compliance of submission requirements; review receipts and Monthly Statement reconciliations for submission to the Auditor
- Review Purchasing Card applications or changes to card controls prior to submission.
- Designate a system to maintain receipts and reconcile to the Monthly Statement for each Cardholder reporting to him/her.

Designated Cardholders will be responsible for the following:

- Read and sign a Purchasing Card Cardholder Agreement (Exhibit #2) prior to being issued a Purchasing Card.
- **Keep the Purchasing Card in their possession, not allow anyone else to use the Purchasing Card issued in their name.**
- Assume responsibility for all purchases made with the Purchasing Card, adhering to this policy insuring that no unauthorized purchases are made. Unauthorized purchases could be considered misappropriation of County funds. Validate that the merchandise is received.
- **Maintain the Purchasing Card data in a secure location at all times.**
- Purchase from term contracts any items that are available on contract.
- Inform merchant of tax exempt status; cardholder will be responsible for reimbursing the tax amount to the County.
- Keep receipts and update transaction log on a daily basis. Cardholder will be held personally responsible for items purchased without the supporting documentation.
- Immediately report lost or stolen cards to the Bank toll-free number and the Purchasing Card Program Administrator by phone and then notify the Department Purchasing Card Coordinator on Lost/Stolen Form (Exhibit #3) to be forwarded to the Purchasing Card Program Administrator.
- Make every reasonable effort to resolve disputed purchases with the vendor.
- Immediately report all unresolved disputed purchases to the Departmental Purchasing Card Coordinator using the Purchasing Card Dispute Form (Exhibit #4).

6. PROCEDURES

Purchasing Limits:

Each Department will establish limits for individual Purchasing Cards and aggregate limits for combined card totals. The maximum amount of a single item purchase of supplies or materials will not exceed \$500. In all cases, a monthly maximum per card will be established by the Elected Official or Department Head. Any purchases in excess of the \$500 amount will automatically be rejected by the Purchasing card system. If travel expenses might be incurred that exceed \$500 amount, user must notify purchasing to request an increase in card amount or request a travel check in advance.

Any purchases over the established dollar limit must be approved by the Purchasing Card Administrator. For Purchases of this nature and purchases that cannot be obtained any other way, the Purchasing Department will have an unlimited purchasing card.

Purchases Allowed with the Purchasing Card – Purchasing Cards may be used to purchase any item and/or service for immediate use not prohibited by law, this policy, or other policies approved by the Commissioners Court. The total purchase with the Purchasing Card will not exceed the limits established for that Card. All other purchasing policies remain in effect and Purchasing Cards should not be used to circumvent them.

Purchases Prohibited with the Purchasing Card:

- Personal expenditures
- Cash Advances, refunds or gift cards.
- Sales tax except in cases where State law does not exempt local governments.
- Purchases that exceed the County's policy for purchases of equipment of any type.
- Entertainment of any kind, including the purchase of alcohol.
- Purchases of items /services under contract, unless purchasing from the contracted vendor or an emergency exception is granted.
- Printing
- Internet purchases without prior written approval from Purchasing Department
- Separate, sequential, and component purchases or transactions made with the intent to circumvent State Law or County policy.
- Purchases that are split to stay within card transaction limits.
- Transaction amounts greater than Cardholder's transaction limit.
- Telephone calls/monthly service
- Weapons, Firearms, Ammunition
- Animals (including dogs used in police work)
- Consulting services.
- Inventoried assets
- Prescription drugs or over the counter medications/drugs.(Exception: prisoner items with Wal-Mart card only)
- Decorations
- Hazardous chemicals or materials
- Organization Memberships, Charitable and Social Services, Associations, Civic, Social, and Fraternal.
- Purchases involving equipment trade-in.
- Other purchases specifically excluded in other County policies or by law.

The items shown above are intended to guide you in which form to use for processing payments and orders. These are not representative of all restrictions, and may change without notice. It is recommended that you contact the Purchasing Card Administrator to ensure the proper expenditure of funds.

Security – The Cardholder is responsible for the security of the card. This card should be treated with the same level of care as the Cardholder would use with his/her own personal charge cards.

Supporting Documentation for Card Purchases – All transactions must be supported by receipts or credit slips. In instances where the receipt is lost, **Cardholder** must obtain a copy at their own expense from the Bank or vendor. For purchases made over the phone or on the Internet, a logging system with unique transaction identifiers should be maintained and a faxed copy or e-mail confirmation of the order retained as the receipt. Written authorization from Purchasing Department for internet purchase must be attached.

Declined Transactions – If a Vendor receives a “Decline” response from the Bank after attempting to put through a Purchasing Card transaction, Cardholders may contact the Bank’s customer service toll free number to determine the cause for decline. It may be necessary to contact the Purchasing Card Department Coordinator with the following information for resolution:

- Account number
- Business where decline occurred
- Total transaction amount of the decline
- Date the decline occurred

After determining the reason for the “Decline” it may be necessary for the Purchasing Card Department Coordinator to contact the Purchasing Card Administrator for temporary or permanent changes to the Cardholder’s control limits to process the transaction.

Using the Card – A need for an item and/or service is established when it is not readily available through a County contract. In making a purchase, the Cardholder must abide by the following rules:

- The Cardholder must first get a Purchase Order with the estimated amount to be purchased. After the purchase is final the Purchasing Department is to be notified to update PO. The only exception is emergency purchases made after hours or on weekends and holidays.
 -
- The Cardholder must ensure that the item or service purchases is not restricted (see Purchases restricted with purchasing card).
 -
- In purchasing an item or service the Cardholder must ensure that sales tax is not included in the purchase price before issuing payment with the Purchasing Card.
 -
- If a supplier does not accept the Purchasing Card, the Cardholder should forward a completed Dispute Form (Exhibit #4) to the Purchasing Card Program Administrator marking “Non-Acceptance” as the reason for the dispute (Exhibit #4.)
- The Cardholder must retain the purchase receipt and attach it to the Monthly Transaction Log (Exhibit #5). After being signed by the appropriate Elected Official or Department Head, the Monthly Transaction Log, will then be sent to the Auditor’s office.

Purchasing Return – The Cardholder is responsible for obtaining a credit memo from the Vendor when merchandise purchased with the Card is later returned to the Vendor for any reason. The credit memo will be attached to the monthly log along with the sales receipt.

Monthly Bank Statements and Reports – Each department will obtain monthly Cardholder detailed statements. When the reconciliation process is complete, the summary report will be certified, signed by the Elected Official or Department Head and returned to the Auditing Department **no later than the next bill pay cut off date**. Failure to meet timely submission requirements from Cardholders may cause suspension or cancellation of Purchasing Cards as authorized by Commissioners Court. The Auditor’s office will reconcile all Departmental Summary reports against the monthly payment

made by Automated Clearing House. The Purchasing Card Program Administrator will review purchases to assure proper purchasing procedures are adhered to.

Reconciliation of Card Purchases –

Upon receipt of the Monthly Statement, the Department Purchasing Card Coordinator is responsible for ensuring that the Monthly Statement is reconciled with the purchase receipts within **3 days of receiving the purchase**.

The Elected Official or Department Head is responsible for reviewing receipts and Monthly Statement reconciliations and sending them to the Auditor **no later than the next bill pay cut off date** after the end of the billing cycle.

Records Management – The Departmental Purchasing Card Program Coordinators must maintain all original receipts in a secure location until they are reconciled to the Monthly Statement.

Lost or Stolen Purchasing Cards – When it is determined that a Purchasing Card has been lost or stolen, **IT IS IMPERATIVE TO FIRST CANCEL THE CARD WITH THE BANK BY CALLING THE BANK'S TOLL-FREE NUMBER**. In addition, the Cardholder must also notify the Purchasing Card Program Administrator of the loss by phone and then complete a Purchasing Card Lost/Stolen Card Form (Exhibit #3) and forward it to the Cardholder's Elected Official or Department Head, the Departmental Coordinator and the Purchasing Card Program Administrator.

Once a Purchasing Card is discovered lost or stolen, it is imperative to cancel the card immediately. The County is liable for all charges until the card is reported lost or stolen. **Thus, the Cardholder may be responsible for all charges made against the Purchasing Card from the time it is lost or stolen until the time the Bank is notified, if the Cardholder fails to immediately notify the Bank upon discovering the loss or fails to discover the loss within a reasonable amount of time.**

Request for Issue of a Purchasing Card or Making Changes to Existing Accounts – To request a new Purchasing Card or to make changes to an existing Purchasing Card account, a Purchasing Card Request/Change Form (Exhibit #1) should be completed by the requesting employee and submitted to the appropriate Elected Official or Department Head for approval. Following approval, the form should be forwarded to the Purchasing Card Program Administrator.

Unauthorized Use of the Purchasing Card – Any purchases that the Purchasing Card Program Administrator deems prohibited as defined in paragraph 6.3 will be sent back to the Cardholder for justification and/or explanation. If any prohibited charges appear in the Cardholder's Monthly Transaction Log or Statement Report, the following may occur:

- The Purchasing Card Program Administrator will investigate all circumstances surrounding alleged misuse of the Purchasing Card and in cases where there is evidence of a procedure or policy violation; refer that information to the appropriate authority for investigations and/or disciplinary action.
- Termination of employment and forfeiture of the Purchasing Card are potential disciplinary actions for improper use of the card.
- In those cases where there is evidence of negligent use of the Purchasing Card, but no fraudulent acts have been committed, the Cardholder will be required to surrender the Purchasing Card with all further privileges revoked.

Any employee having knowledge of violations to this procedure or any other procedure or policy governing the use of the Purchasing Card must immediately report such activity to the Purchasing Card Program Administrator.

The Purchasing Card may be suspended or terminated if a Purchasing Cardholder is suspected of fraud, theft, or illegal drug use. Should the suspicion prove founded, appropriate action shall be taken in accordance with existing County policies and procedures.

Disputed Items – Disputes, if possible, should be resolved promptly between the Cardholder and the Vendor. Cardholders should raise disputes immediately. As failure to do so will result in an authorized purchase that the department is responsible for paying even though the charge is incorrect. If the dispute cannot be resolved within 10 days, the Cardholder should submit a Dispute Form (Exhibit #4) to the Purchasing Card Program Administrator. A charge should not be disputed on the current statement if it was returned for credit after the billing cycle is closed. The credit should be reported on the next statement with a notation being made on the current statement that there is a disputed charge and expected credit.

Termination Clause – The Purchasing Card is issued to an employee for the County’s convenience and may be terminated at any time by the County Purchasing Agent. Purchasing Card privileges may be cancelled for non-compliance with County policies and procedures. Transfer, resignation, or terminations of employment are grounds for cancellation of the Purchasing Card.

It is important to cancel a card immediately upon an employee’s separation from employment. The Bank or the Credit Card Recovery Program will not cover any charges incurred between the employee’s termination date and the date the card is cancelled. The department will be responsible for payment of charges incurred by an employee no longer working in that department; if a delay in canceling privileges resulted of the department’s actions.

7. LEGAL REFERENCES

This policy statement of the Purchasing Agent is pursuant to Texas Local Government Code 262.011(l) & (o). County Purchasing Act, Texas Local Government Code, Chapter 262, Subchapter C.

By this policy, the Fannin County Commissioners Court authorizes the use of County provided purchasing cards. The purpose of the purchasing cards is to provide the County with an efficient and controllable method of making small dollar, high volume commodity and service purchases. This card policy is not intended to replace, but rather supplement existing purchasing and other County policies.

The County Purchasing Agent will be the Purchasing Card Program Administrator and is responsible for all activities related to the County Purchasing Card Program.

The Purchasing Card Policy and Procedures was adopted by the Fannin County Commissioners

Court on this the ___ day of July, _____.

Eileen Cox, Fannin County Judge

ATTEST:

SEAL

/s/ Tammy Rich

Tammy Rich, Fannin County Clerk

**REQUEST FOR PURCHASING CARD
EXHIBIT #1**

TO: Jill Edwards, Purchasing Card Program Administrator

FROM: _____
(Department)

SUBJECT: Request for Purchasing Card

I request the following employee be issued a County Purchasing Card for the purpose of making small-dollar purchases in the normal course of authorized Fannin County business.

Full Name of Employee (print): _____

Employee Signature: _____

Employee Title: _____

Single Item Purchase-Supplies or Material (**Not to exceed \$500**): _____

Daily Transaction Limit: _____ # of Transactions

30-Day Limit _____

Restrictions: _____

REQUESTED BY: _____
Signature of Elected Official/Department Head

APPROVED BY: _____
Signature of Purchasing Card Administrator

Copy: Designated Cardholder
Elected Official/Department Head

PURCHASING CARD CARDHOLDER AGREEMENT

EXHIBIT #2

I, _____ hereby agree to comply with the **purchasing card** policy and procedures and the following terms and conditions regarding my use of the card. As a cardholder, I have read and understand the **Fannin County Purchasing Card Policy and Procedures**.

1. I understand that I am being entrusted with a valuable tool, the purchasing card. I will be making financial commitments on behalf of Fannin County. I will obtain the best value for Fannin County by using the card wisely and with discretion.
2. I agree to use this card for official approved purchases only. I fully understand that misuse or abuse of the card will result in revocation of the card and appropriate disciplinary action which may include termination of my employment. I also agree to attend training on the use of this card as prescribed by Purchasing Card Program Administrator.
3. Policy violations include, but are not limited to:
 - Expenditures for personal purposes;
 - Cash advances or refunds;
 - Expenditures for entertainment, including but not limited to the purchase of alcoholic beverages;
 - Purchases under contracts, unless an emergency exception is granted;
 - Separate, sequential, and component purchases or transactions made with intent to circumvent State Law or County policy;
 - Transaction amounts greater than cardholder's limits;
 - Expenditures of meals or other travel related expenses while traveling on County business;
 - Failure to submit proper documentation with each monthly statement, and;
 - Allowing the card to be used by someone else
 - Failure to provide supporting receipts for purchases.
4. I agree to return the card immediately upon request or upon termination of employment (including retirement and resignation). Should I be transferred, qualify for extended leave or undergo an organizational change which causes my duties to no longer necessitate the use of the card, I agree to return it immediately and arrange for issuance of a new card as may be appropriate.
5. If the card is lost or stolen, I agree to immediately notify the Purchasing Card Program Administrator both verbally and in writing.

I understand and agree that my use of the purchasing card is subject to the following specific purposes or restrictions:

Employee Signature	Date	SS No.	Department
--------------------	------	--------	------------

Elected Official/ Department Head	Date	Purchasing Card Program Administrator	Date
--------------------------------------	------	--	------

Transaction Limit: \$ _____ Monthly Limit: \$ _____

Submit to Purchasing Card Program Administrator for Authorization

PURCHASING CARD LOST/STOLEN REPORT
EXHIBIT #3

TO: Jill Edwards, Purchasing Card Program Administrator

FROM: _____
(Department)

Card Number _____

Full Name of Employee (print): _____

Employee Social Security Number _____

Employee Signature: _____

Employee Title: _____

Date of Loss _____

Date Stolen _____

Details: _____

Copy: Designated Cardholder
Elected Official/Department Head

CARDHOLDER STATEMENT OF DISPUTED ITEM(S)
EXHIBIT #4

RE: _____

CARDHOLDER NAME: _____ CARD NUMBER: _____

MERCHANT NAME: _____ DISPUTED AMOUNT: \$ _____

I dispute the charge(s) described herein as follows: [Check Appropriate Box(es)]

- I certify that the charge listed above was not made by me nor were the goods or services represented by the above transaction received by me or by a person authorized by me.
- I do not recognize the transaction as listed above. Please inform me of merchant name and description of merchandise purchases.
- Although I did engage in the above transaction, I dispute all or part of the charge in the amount of \$ _____.
- I have contacted the merchant and requested a credit adjustment that I did not receive or was not satisfactory.
- I have been charged twice for the same transaction. Posting dates: _____ and _____
- A credit slip was listed as a sale on my statement.
- The amount of the sales slip was increased from \$ _____ to \$ _____. Enclosed is my copy of the sales slip prior to alteration.
- I received a price adjustment (credit slip) on the above transaction, and it has not appeared on my statement. Enclosed is a copy of the credit memorandum.
- Non-Acceptance
- Other, please explain completely.

I am disputing the charge because: _____

Designated Cardholder Signature: _____

Daytime Phone: _____

Date: _____

Fax Dispute Form to: Jill Edwards 903-640-5806

XI. INVENTORY/FIXES ASSET POLICY

INTRODUCTION

The Taxpayers of Fannin County have an enormous investment in our county buildings, land, equipment and furnishings. Not only is it good accounting policy to maintain accurate inventory records of all assets of the county, it is mandated by State Law that these records are kept.

This Inventory/Fixed Asset Policy is written documentation of the county policy concerning control, regulation, and accounting of all county assets. The Commissioners' Court must approve exceptions to these policies and procedures.

In Fannin County, The County Purchasing Agent serves as "property manager" for the county. The Purchasing Agent must take an inventory of all the property on hand and belonging to the county on or before July 1st of each year. This inventory is filed with the County Auditor and each of the members of the board that appoints the county purchasing agent. (See: Section 262.011 (I) – TEXAS LOCAL GOVERNMENT CODES.)

The Purchasing Agent also has control over the transfer of equipment from one Department to another. (See: Section 262.011 (j) - TEXAS LOCAL GOVERNMENT CODE.)

This manual will cover each phase of our fixed assets inventory system. It is important that every county official, department head, and employee have a basic understanding of the policies associated with the county assets, because each official, department head, and employee shares in the responsibility of accounting for, using and maintaining county buildings, equipment, and furnishings. As you read through this document, you will note that it is the responsibility of the county official and/or department head to account for all equipment and furnishings assigned to his/her department. Should property be lost, it becomes the responsibility of the official or department head to replace the lost equipment.

State Law is very specific concerning the use of public property for personal use or gain. As a matter-of-fact, there are very stiff penalties imposed on anyone using county-owned property for personal use. It is the purpose of this manual to make everyone aware of these laws to help prevent any misuse of county owned property.

While no set of procedures or policies can address all circumstances, this manual answers most of the questions concerning assets. It is not the purpose of this manual to cause hardship to any person, but to provide for a better understanding of the importance of asset responsibilities and controls. By establishing standards for property controlling and managing county property will be made easier for all concerned.

PROTECTION OF PROPERTY

The protection of property is outlined in Section 31.11 (a) of the Penal Code of Texas. In accordance with this statute, a person commits an offense if he or she:

- A. Knowingly or intentionally removes or causes to be removed, alter, or obliterates the serial number of a fixed asset tag number marking county property.
- B. Possesses, distributes, sells, or offers to sell county property knowing, or having reason to know that the serial number of asset tag number has been removed, altered, or obliterated.

A person convicted of violating the statute referenced above is subject to penalties according to the property values involved as follows:

- Class C Misdemeanor – Less than \$20.00
- Class B Misdemeanor - \$20.00 or more but less than \$200.00
- Class A Misdemeanor - \$200.00 or more but less than \$750.00

Third Degree Felony - \$750 or more but less than \$20,000 or; less than \$750.00 and defendant has been convicted two or more times under referenced statute.

Second Degree Felony - \$20,000.00 or more

DEFINITIONS OF INVENTORY/FIXED ASSETS

In order to explain the property accounting system for fixed assets, it is necessary to first define the types of fixed assets that will be included in the reporting system. Following is a list of assets to be included in the reporting system for Fannin County:

All fixed assets in use by the various county departments including county owned buildings, land, and improvements made to county owned land. (i.e. parks, parking lots, cemetery land.)

Any asset that has a value or cost of \$5000.00 or more, and a useful life no less than one year will be recorded on the county fixed asset inventory.

There are four major classifications of county fixed assets and some minor classifications that provide a more detail description. All fixed assets of the county will fall within one of the four major classifications. These classifications are:

1. Land
2. Buildings
3. Improvements Other Than Buildings
4. Machinery and Equipment
 - a. Motor Vehicle Equipment
 - b. Office Equipment and Furnishings
 - c. Special Departmental Equipment
 - d. Data Processing Equipment and Software

Definitions of each of the major and minor classifications of the county fixed assets are as follows:

A. LAND

Any land purchased or donated to Fannin County will be placed on the fixed asset inventory at the price paid for the land at the time of purchase or the appraised value of any land which is donated or traded to the County.

For land already owned by the county, the price of that land will be at actual cost of the land at the time the land was purchased, if it is possible to obtain the price of the land in the deed records of the county. If we are unable to obtain a price on the land, the appraised value of the land will be used and adjusted as needed to obtain a "close-to" original estimated cost of the land.

Land, which has been deeded to the County for the purpose of building county roads, or land purchased by the county for this purpose, will be placed on the fixed asset records as a component of the "Infrastructure Fixed Asset Policy."

B. BUILDINGS

County buildings will be placed on the fixed asset inventory at actual cost of the building if this actual cost is available. If actual cost is not available, the value of the building will be the appraised value plus or minus any necessary adjustments to determine the actual cost of the building at the time it was constructed or purchased by the county. These adjustments will be made with the assistance of the Independent Auditors to satisfy reporting requirements. If the building is donated or received in trade, it will be recorded at appraisal value.

Major renovation or construction of additions to existing building will be recorded on fixed asset inventory at actual cost.

Replacement items of a maintenance nature such as carpeting, flooring, water heaters, restroom fixtures, etc., will NOT be recorded as fixed assets. Only those items that will improve the long-term value of the buildings will be considered as additions to the value of the buildings.

C. IMPROVEMENTS OTHER THAN BUILDINGS

Improvements may, or may not, be placed on fixed asset records. This determination will be made by the County Auditor or by the County Purchasing Agent with the consent of the Auditor. Items, which are deemed to be fixed assets, will be recorded at cost

D. MACHINERY AND EQUIPMENT

Machinery and Equipment including any moveable piece of property purchased, donated, built by the Maintenance Department or acquired from surplus property agencies. Purchases of all items of Machinery and Equipment are made through the County Purchasing Agent in accordance with State Purchasing Laws and County Purchasing Policies and Procedures. This equipment is placed on the fixed asset inventory at cost or at estimated value if donated.

E. MOTOR VEHICLE EQUIPMENT

Motor Vehicle Equipment is defined as that which is self-powered and most of that is mobile.

F. OFFICE EQUIPMENT AND FURNISHINGS

Office Equipment and Furnishings are items of furniture and office equipment, which are common to many offices of the county. When possible, all purchases of a like nature will be made in one annual buy in order to obtain the best possible price by group purchase. Whenever practical, the Purchasing Agent will transfer assets rather than purchase furniture and equipment. A pool of certain items of furniture and equipment will be established under the supervision of the Purchasing Agent.

Items may be assigned to various departments from the pool between annual buys to replace broken items of a like nature, or, if authorized by the Commissioners' Court, as an addition to a Department's assigned fixed assets.

G. SPECIAL DEPARTMENTAL EQUIPMENT

This classification of equipment is that which is for special uses by a particular department or meet its unique needs. This category may include all types of equipment not included in motor vehicle, office equipment and furnishings, and data processing equipment and software classifications.

H. DATA PROCESSING EQUIPMENT AND SOFTWARE

Data Processing Equipment and Software includes processing equipment and software used centrally or in individual departments of the county. Related expenditures such as initial cabling for data processing equipment WILL also be included in fixed assets. Initial license fees for software is also capitalized. NOT included, as fixed assets are payments for changes in cabling and maintenance charges on software.

Data Processing Equipment will be tagged with two tags. The first will be a "Property of Fannin County" tag with a sequential number and the second is a number used by the IT Department to track the inventory.

I. INVENTORY

Inventory is any asset that has a cost or value of \$500 to \$4999.99 and a useful life no less than one year. This can include but not be limited to the following examples: desk, chair, typewriter, calculator, fax machine and some computer components.

J. DONATED PROPERTY

All assets received via donation or contribution, regardless of source, must be evaluated and approved by the Commissioners' Court. These items shall be reported to the Purchasing Department immediately upon receipt using Form A, Property Acceptance, Acquisition and Disposition.

Proper recording of these assets is essential as some contributed assets, such as those received from the Federal Government, must be tracked at several levels and improper disposition of these assets could have penalties or severe negative impact upon the County's ability to participate in a program.

For financial reporting these assets shall be recorded at fair market value on the date of receipt. Upon receipt the receiving department shall estimate the fair market value on such date as reported on Form A, Property Acceptance, Acquisition and Disposition and will be recorded this value after the approval of the Purchasing Department and Auditor's Office.

PURCHASING AGENT RESPONSIBILITIES

- A. The County Purchasing Agent is the person responsible for maintenance of property records. All transaction having to do with assets of the county must flow through the Purchasing Agent who is responsible for maintaining inventory records and accounting systems for all assets. The Purchasing Agent will supply department heads and county officials with all necessary forms and information concerning the transfer and accountability of inventory assigned to the various county departments.
- B. Each year the Purchasing Agent will provide a detailed printed list of all assets assigned to each department in the county. This printed list will be in duplicate. The department head will, after taking a physical inventory of assets in their department, return one copy of the printout to the Purchasing Agent denoting any differences in the printed list and actual inventory. The Purchasing Agent will make all corrections and adjustments to inventory records to reflect actual inventory count and provide the County Auditor with a consolidated report on all assets owned by the County.

Upon completion of the annual inventory, the Purchasing Agent will provide a complete list of fixed assets to the County Auditor and the Purchasing Board.

- C. The Purchasing Agent will make all purchases of furniture and equipment. Specifications for the purchases will be developed in conjunction with the department head. Evaluation of bids received will be made jointly by the Purchasing Agent and the department head. All purchases will be made in accordance with purchasing laws of the State of Texas and procedures adopted by the Commissioners' Court.
- D. The Purchasing Agent will tag all assets to identify the property as county-owned.
- E. Accumulation and disposal of surplus property of the County will take place under the supervision of the Purchasing Agent, in accordance with the laws of the State of Texas and instructions of the Commissioners' Court.
- F. Warehoused Property – The Purchasing Department is responsible for warehousing all surplus, excess, or salvage items.

DEPARTMENTAL OFFICIALS' RESPONSIBILITIES

- A. County officials will be held responsible for proper accounting, maintenance and use of County assets. A department head must sign a statement recognizing his/her responsibilities concerning the equipment assigned to the department and accepting the responsibility to replace any missing equipment. Any department head/official leaving the employment of the county will arrange with the County Purchasing Agent for a detailed inventory of all assets assigned to the department before the official or department head leaves office. Upon completion of the final inventory, any discrepancies will be reported to the Commissioners' Court for appropriate action.
- B. All furniture, equipment and machinery will be used for County business only.
- C. The Department Head will report items lost or stolen immediately to the Purchasing Agent, the County Auditor and the proper law enforcement agency. Complete Form A and send to the Purchasing Department with a copy of the report from the law enforcement agency (if stolen).
- D. Each departmental official will include in his or her budget request for the next year the furniture and equipment deemed necessary for operation of his or her department. If approved for purchase by the Commissioners Court, the departmental official will then work with the Purchasing Agent to develop specifications for the purchase of the assets, and to develop a vendor list. Specifications will be written in accordance with State purchasing laws so that there is no unwarranted favoritism toward specific vendors. The department head will also assist in the evaluation of bids to determine whether they meet specifications after they are opened.
- E. Annually, an inventory of all County property will be made under the supervision of the Purchasing Agent. The purpose of the inventory is to verify the accuracy of the fixed asset records. **Each year the department head will receive a computer printout of all equipment assigned to his or her department.** The department head is required to take an inventory of all fixed assets assigned to their department, or to have a member of their staff take the inventory. All items on the printout must be accounted for in accordance with instructions issued by the Purchasing Agent. If an item is missing, it is the responsibility of the department head to replace the missing item or to find and account for the missing item. If there are tagged items (with a value of \$500 or more) in the department, which are not listed on the printout, those items will be listed and turned in with the inventory so that the assets may be added to inventory records. When the inventory is completed, the department head will sign an Asset Inventory Verification Form. One copy of the inventory printout denoting any differences in the printed list and actual inventory, a list of assets not on the printout and the Asset Inventory Verification Form will be returned to the Purchasing Agent by the stated deadline.
- (1) Any item not located in a department will require a letter from the Elected Official/Department Head to the Commissioners' Court detailing the search for the missing item. i.e. Misplaced, stolen, used for parts, etc.
 - (2) It may also require the Elected Official/Department Head attend a regular scheduled Commissioners' Court meeting explaining why the item has not been located. An item deemed to be lost due to negligence on the part of the Elected Official/Department could mean no funds allocated for capital equipment in the next budget year and/or financial responsibility for replacement of the item by the Elected Official/Department Head.
 - (3) The Commissioners' Court has the discretion to require the department head to reimburse the county for the lost equipment. The replacement amount is determined by deducting from the original cost, straight-line depreciation calculated on IRS life down to a residual of 10%. Report of the value to be reimbursed shall be made on the attached Form C to the Department Head.
- F. ***A department head does not have the authority to transfer equipment from one department to another, destroy equipment, or throw away or discard equipment.*** Form A, Acceptance, Acquisition and Disposition must be submitted to purchasing. With proper approval, the asset may then be transferred or disposed. Otherwise, the department head is responsible for all equipment assigned to his/her department.

Any **surplus** inventory in any department in the County should be returned to Purchasing for reassignment or auction.

At the termination of programs funded by other entities, (i.e. ASAP Program) any assets purchased for use during the contract shall at the termination of the program be turned over to the Purchasing Department in order for Commissioners Court to make a determination as to the best use of the asset.

G. Condition Tags – Departments will prepare a Fixed Asset Condition Tag (Form B) for items identified as surplus, excess or salvage. Condition tags will be used to describe the working condition of an item. For example:

TYPEWRITER, Electric – works but will not type the letter “e”,
Or,
DUMP TRUCK, Engine has thrown rod.

Condition Tags are not required on non-mechanical items such as furniture, shelving, carts, etc. The condition of these items is visible and readily determined without mechanical checks or performance tests.

The condition tags serve two purposes:

1. Assist other county departments in determining the useful life or value of an item when considering having the item transferred to their department.
2. Assist prospective bidders in establishing a bid price during spot bids or public auctions.

H. If there is a change in elected official or department head during a fiscal year, the Purchasing Agent and/or County Auditor will be notified of the change with sufficient time for an inventory to be taken of the assets in the department. Upon completion of the final inventory, any discrepancies will be reported to the Commissioners’ Court for appropriate action.

I. Fannin County assumes no liability for employees personal assets located in county facilities.

J. An Employee shall provide their supervisor with a list of any personal belongings that will be kept in a county facility.

K. Damage, Vandalism, and Thefts

Damaged or vandalized equipment – It is the official’s or department head’s responsibility to maintain all fixed assets in a clean and neat condition and proper working order. Appropriate funding shall be requested in each fiscal year budget request to repair and maintain all fixed assets. The County Purchasing Agent may transfer any item which remains in need of repair longer than six months. A replacement item may not be included in a budget request within 12 months of such transfer without prior approval from Commissioners’ Court.

Thefts – Stolen items are to be reported to the Sheriff’s Department immediately by the department head. Under normal circumstances, a replacement should not be requested until after 90 days to allow for item recovery. Requisitions may be submitted immediately for fixed assets which are essential to the department’s operation and for which replacement is not readily available. All replacement of stolen items must be approved in advance by Commissioners’ Court through the Purchasing Agent. An official or department head shall request and agenda item to report loss, request replacement if necessary, and seek approval for deleting the item from the inventory. Recovered items are similarly reported to Commissioners’ Court.

COUNTY AUDITOR RESPONSIBILITIES

- A. The Auditor will audit asset records held in the Purchasing Department and audit actual equipment held by various departments in the county to determine the accuracy of inventory records.
- B. The Auditor will verify that all equipment is charged to correct expenditures accounts as approved by the Commissioners' Court.
- C. The County Auditor will establish accounting and reporting guidelines and procedures to be used by the Purchasing Agent and the county department heads in maintaining accurate asset information.
- D. The County Auditor will establish reports to be used to reflect current status of fixed assets belonging to the county.

ACCOUNTING SYSTEM FOR INVENTORY/FIXED ASSETS

The Purchasing Agent has overall responsibility to maintain accurate records of assets of Fannin County. The current accounting system includes the following elements:

- A. Property Tagging-System – All assets will be tagged with a unique number which will also be entered in the detailed inventory system. The location in which tags will be affixed to assets will be determined by the Purchasing Agent and administered in a standard manner. After assets are initially tagged, it will be the responsibility of the department head to notify the Purchasing Administrator of missing tags.
- B. Inventory from \$500 to \$4999.99 will be tagged with a tag designated “Property of Fannin County” and a sequential number assigned by the Auditor’s Office.**
- C. Fixed Asset Inventory, items with a cost or value of \$5000 or more will be tagged with a tag designated “Property of Fannin County” and a sequential number assigned by the Auditor’s Office.**
- D. The Computer Inventory System – The inventory accounting system for fixed assets will be maintained on a computer system, which provides a record of all necessary descriptive information about each asset as determined by the County Auditor, Purchasing Agent and IT Network Administrator. Additions and retirements to assets will be recorded in the system on a timely basis. On a monthly basis, general ledger records will be reviewed to assure that all additions and deletions have been recorded.**

INVENTORY/FIXED ASSET PURCHASE, USE AND DISPOSAL PROCEDURES

The following procedures shall be followed for acquisition of assets for Fannin County:

- A. Requests for a budget allocation or amendment will be made by:
 - 1. The requesting department head during budget preparation based on a justified need in the department. The allocation may be for replacement or new asset acquisition.
 - 2. The Purchasing Agent during budget preparation based on a replacement program for specific categories of furniture or equipment.
 - 3. The requesting department or Purchasing Agent during the fiscal year for an amendment based on an emergency need not anticipated during budget preparation.
- B. With the approval of the Commissioners' Court of a budget allocation or amendment, funds will be allocated for the purchase.

- C. The department head will submit a Requisition form to the Purchasing Department to begin the purchase process.
- D. In conjunction with the department head, the Purchasing Agent will develop specifications and a vendor list for the asset. When possible, all purchases of like items will be made in one annual buy in order to obtain quantity discounts.
- E. Bids will be obtained for assets by the following procedures:
 - 1. If the item(s) to be purchased have a value known to be in excess of \$50,000 or a value, which could be in excess of \$50,000, formal bid procedures must be followed in accordance with the State purchasing laws.**
 - 2. If the item(s) are under \$50,000 and over \$5,000, written quotes will be taken.**
 - 3. If the item(s) are under \$5,000, the Purchasing Department will contact vendors to obtain prices and to arrange for demonstrations (if necessary.)**
- F. The lowest responsible and responsive bidder (person or company who submitted a bid which conforms in all material respects to the "Request For Bid") will be determined. The Purchasing Agent will make award for items under \$50,000. Those items for which formal bids are taken will be awarded by the Commissioners' Court based on recommendations made by the Purchasing Agent and the department.**
- G. The Purchasing Department will issue a Purchase Order to the successful vendor.
- H. The vendor will deliver the assets in accordance with instructions on the Purchase Order.
- I. The Purchasing Department will record acceptance for the asset, assign a tag number which will be affixed to the asset, and set up the asset on inventory records.
- J. If the asset is delivered directly to the Department, it is the Department Heads responsibility to notify the Purchasing Department in order to tag the new equipment.
- K. Upon acceptance of the asset, the receiving department head accepts responsibility for the asset and will meet all conditions of reporting, accounting, and use of the equipment for county purposes only.

DISPOSITION OF FIXED ASSETS

Salvage and surplus property owned by the County may be disposed of by sale, by competitive bid or auction, by trade-in for new property, or by being destroyed as worthless if it cannot be sold. The following procedures should be followed:

- A. Equipment which is broken or no longer needed in a department or which is to be traded-in, may be transferred to the Purchasing Department after requesting to do so on Form A – Acceptance, Acquisition and Disposition.
- B. The Purchasing Agent will periodically request that the Commissioners' Court declare property "surplus" (in excess of needs useful) or "salvage" (has no value – not useful). Competitive bid or auction will sell surplus and salvage property under the State laws on disposition of property. Fannin County employees will be allowed to bid on surplus property offered to the public, just as any other citizen of Fannin County.
- C. Any stolen, abandoned or confiscated property seized by a peace officer may be disposed in accordance with Article 18.17, TEXAS CODE OF CRIMINAL PROCEDURE.
- D.

STATE LAWS REGULATING PURCHASE AND DISPOSAL OF FIXED ASSETS

State law requires that all purchases made for Fannin County be made in one of two ways:

- 1. All purchase costing in excess of \$50,000 must be made through the formal bid process where a request is made through the Commissioners Court to make the purchase. The bid request is advertised according to state law. All sealed bids are accepted by the County Purchasing Agent who will tabulate the bids and make recommendations to the Commissioners' Court who will award the bid to the lowest and/or best bidder. (SEE TEXAS LOCAL GOVERNMENT CODE – CHAPTER 262 – SECTIONS 262.001 through 262.035.)**
2. Salvage and surplus property owned by the county may be disposed of by sale or competitive bid or auction, trade-in for new property, or by being destroyed as worthless if it cannot be sold, or donated to a tax exempt entity. (SEE TEXAS LOCAL GOVERNMENT CODE – CHAPTER 263 – SECTIONS 263.151 through 263.158.
3. Disposition of abandoned or unclaimed property seized by a peace officer must be conducted in accordance with Article 18.17, TEXAS CODE OF CRIMINAL PROCEDURE.

Form A. – Use of Fixed Assets – Property Acquisition and Disposition Form

The Property Acquisition and Disposition Forms are to be used for a variety of transactions, which are described below. The form should be filled out completely by the originating department. All copies should be sent to the Purchasing Department before a transaction is made. After approval by the Purchasing Agent, the transfer of assets will take place, at which time both departments will sign the form. The original copy will be kept in the Purchasing Department, the second copy will be sent to the originating department, and the third copy to the receiving department. The types of transactions to be recorded on this form are as follows:

1. New Equipment – purchases of new equipment by the Purchasing Department which are assigned to the receiving department.
2. Used Equipment – purchases of used equipment by the Purchasing Department which are assigned to the receiving department.
3. Donated Equipment – equipment donated to the county and accepted by the Commissioners' Court.
4. Permanent Transfer – item transferred permanently from one department to another.
5. Temporary Transfer – item transferred temporarily from one department to another.
6. Transfer to Surplus – surplus equipment transferred to the Purchasing Department to be held for use by other departments.
7. Transfer to Auction – surplus equipment transferred to the Purchasing Department for auction.
8. Junked – assets will be disposed of ONLY after approval by the Purchasing Agent.
9. Destroyed – assets which have been destroyed after confirmation by the Purchasing Agent, and should be removed from asset records.
10. Used for Repair Parts – assets whose parts have been used to repair other like equipment, and which should be removed from inventory.
11. Missing or Stolen – items lost or stolen shall be reported immediately to the Purchasing Agent, County Auditor, and the proper law enforcement agency (if stolen). A copy of the law enforcement report will be attached.
12. Trade-In – if a department purposed to trade in equipment at the time of a purchase, the Purchasing Agent should be notified of this possibility at the time the purchase is requested by attaching a Property Acquisition and Disposition Form to the Purchase/Requisition Form.

This form is prepared in triplicate and must be on original forms. Obtain original forms from the Purchasing Department.

**FANNIN COUNTY PURCHASING DEPARTMENT
Form A**

PROPERTY ACCEPTANCE , ACQUISITION AND DISPOSITION FORM

TYPE OF TRANSACTION:

New Equipment		Junked	
Used Equipment		Destroyed	
Donated Equipment		Used for Parts	
Permanent Transfer		Missing or Stolen	
Temporary Transfer		Trade-In	
Transfer to Surplus		Transfer to Auction	

From Department: _____ Dept. No. _____

To Department: _____ Dept. No. _____

Property Tag No. _____ Serial No. _____

Property Description (type, make, model, color, etc.) _____

Vendor Name: _____

Date of Transaction: _____

Item Tagged: _____ Yes _____ No

Property Traded in for _____

Donated by: _____

Est. Value: _____

Donation Accepted by Commissioners' Court on : (date) _____

From: Elected Official or Department Head _____

To: Elected Official or Department Head _____

Purchasing Agent or designee

Form B – Fixed Asset Condition Tag

The condition tag serves two purposes:

1. Assist other county department in determining the useful life or value of an item when considering having the item transferred to their department.
2. Assist prospective bidders in establishing a bid price during spot bids or public auction.

Users shall prepare one form per asset and complete as much of the information as possible.

This form may be reproduced or requested from the Purchasing Department.

A copy shall be forwarded to the Purchasing Department with the delivery of the asset to a location to be determined.

**FANNIN COUNTY PURCHASING DEPARTMENT
FIXED ASSET CONDITION TAG
Form B**

Complete form. Send the original form to the Purchasing Department. Please use one form for each item.

The Following County Property is Surplus and is no longer needed in this Department : _____	
Inventory No. _____	Quantity: _____
Description (Item, Capacity, Size, Features): _____ _____	
Mfg./Model _____	Age: ____ Yrs. _____ Original Cost \$ _____
Condition: New <input type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> Poor <input type="checkbox"/> Junk <input type="checkbox"/>	
Detail Condition of Surplus _____ _____	
Department Head: _____	Date: _____
Signature	

PURCHASING OFFICE DISPOSITION INSTRUCTIONS	
To: _____	Date: _____
From: _____, Purchasing Department	
Surplus items above will be disposed of by: _____	
Transfer <input type="checkbox"/> Sale <input type="checkbox"/> Public Auction <input type="checkbox"/> Trash <input type="checkbox"/> Other <input type="checkbox"/>	
Comments: _____ _____	

RECEIPT FOR SURPLUS PROPERTY

Above Property Received by: _____

Date: _____

Form C – Fixed Assets Missing in Inventory

The following form will be provided to the Elected Official/Department head in the event an asset assigned to his/her department is not located during the annual inventory.

FANNIN COUNTY PURCHASING DEPARTMENT

TO: Elected Official or Department Head

DEPARTMENT: _____

FROM: Jill Edwards
Purchasing Agent

RE: Fixed Assets Missing in Inventory

The assets listed below have been determined to be missing from your department. According to the Inventory/Fixed Asset policy of the Fannin County Commissioners' Court, it is your responsibility to locate the assets or to replace them at a value established by deducting from the original cost, straight-line depreciation calculated on IRS life down to a residual of 10%. If you do not agree with the value to be reimbursed, you have the right to appeal to the Commissioners' Court during one of their regular meetings.

<u>Asset Tag No.</u>	<u>Description</u>	<u>Value</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Purchasing Department

Jill Edwards
Fannin County Purchasing Agent

***Fannin County Courthouse Suite 304
Bonham, TX 75418
Phone (903) 583-0054
Fax (903) 640-5806***

Auditor's Office

Scott Dyer
Fannin County Auditor

Sherry Zindars
Fannin County Assistant Auditor

Debbie Carter
Fannin County Assistant Auditor

Rita Watts
Fannin County Assistant Auditor

***Fannin County Courthouse Suite 303
Bonham, TX 75418
Phone (903) 583-7451
Fax (903) 640-5806***

Treasurer's Office

Mike Towery
Fannin County Treasurer

Christy Haggard
Fannin County Assistant Treasurer

***Fannin County Courthouse Suite 302
Bonham, TX 75418
Phone (903) 583-7457
Fax (903) 640-5806***

IT Department

Dustin Morrow
Fannin County Network Administrator

***Fannin County Courthouse Suite 305
Bonham, TX 75418
Phone (903) 583-7451
Fax (903) 640-5806***