

**ADMINISTRATIVE PROCEDURE
CALVERT COUNTY, MARYLAND**

TITLE: PURCHASING SYSTEM (Voucher System)

Purpose

- 1.0 To establish a general policy and criteria for the purchases by the County of supplies or services as referenced in the County Code, Sec. 6-102, Exceptions to competitive bidding.
- 1.1 The following are the laws that govern Calvert County Purchasing according to: "The Code of Public Local Laws of Calvert County, Maryland" Contracts and Purchasing, Title 6.
- 1.2 Sec. 6-101. Competitive bidding
 - A. Except as otherwise provided in this title, contracts for the purchase by the County of supplies or services involving \$15,000 or more shall be awarded at a regularly scheduled meeting of the Commissioners to the lowest responsible bidder meeting specifications. A contract may not be subdivided to avoid the requirements of this section.
 - B. The Commissioners shall invite proposals for all contracts subject to this Section by publishing a notice in at least two county newspapers for two consecutive weeks. The notice shall state that in not less than three weeks the Commissioners will meet in public session to receive bids for the described purchase or contract, state the time and place of the meeting, and reserve the right to reject any and all bids.
 - C. In determining the "lowest responsible bidder", in addition to considering price, the Commissioners or the official authorized to contract for the County shall consider:
 - (1) The ability, capacity, and skill of the bidder to perform the contract or provide the service required,
 - (2) Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference,
 - (3) The character, integrity, reputation, judgement, experience, and efficiency of the bidder;
 - (4) The quality of performance of previous contracts or services;
 - (5) The previous and current compliance by the bidder with laws and ordinances relating to the contract or service;
 - (6) Whether the bidder is in arrears to the County on any debt or contract, is in default on any surety to the County, or is delinquent as to any taxes or assessments; and
 - (7) Any other information that may have a bearing on the decision to award the contract.

D. If a contract is not awarded to the lowest bidder in price, the reasons for the decision shall be stated in the minutes of the meeting at which the contract is awarded.

1.3 Sec. 6-102. Exceptions to competitive bidding.

The following types of contracts may be awarded without complying with the bidding procedures otherwise required under this subtitle:

- A. Purchases or contracts involving less than \$15,000;
- B. Purchases of supplies or services that are available only through one source,
- C. Contracts for professional services such as those of attorneys, physicians, architects, engineers, accountants, consultants, and others possessing a similar high degree of technical skill and expertise, provided that to the extent appropriate for the particular service to be provided, an attempt is made to secure competitive proposals for these services;
- D. Purchases or contracts made when the County Commissioners determine that an emergency exists, provided that the Commissioners publish an explanation of the circumstances deemed to constitute the emergency in at least two County newspapers; and
- E. Purchases based on State, County, or municipal contracts that are established by a legal or competitive process.

1.4 Sec. 6-103. Multiyear contracts

When it is advantageous to the County to do so, the County may contract to purchase supplies or services for periods of more than one year if:

- A. Funds for the total cost of the contract are available at the time the contract is executed; or
- B. A contract requiring the payment of funds from appropriations of more than one fiscal year is approved by resolution of the Commissioners, and is not for more than a three-year term.

All contracts in accordance with B. above must include a "non-appropriation" clause.

Policy

2.0 It is the policy of the County to establish a Purchasing System. Purchasing involves a major commitment of County resources for the acquisition of goods, other assets, and services.

2.1 The Purchasing System should be utilized for the following:

- A. All Capital Outlay items (furniture, equipment, vehicles, etc.)
- B. Office supplies
- C. Contracted Services
- D. Maintenance Agreements
- E. Books, publications and periodicals that exceed \$50
- F. Rentals
- G. Leases

- H. Wearing apparel, uniforms, etc.
- I. Maintenance and Janitorial
- J. Vehicle supplies
- K. Training equipment
- L. Trash collection
- M. Participant awards
- N. Hand tools
- O. Program supplies
- P. Highway Maintenance operating supplies
- Q. Library supplies, books, etc.

(Note: This list is to be used as a guide. The list does not include all items that will utilize a purchase order.)

Responsibilities

- 3.0 Department Heads and Division Chiefs will be responsible for authorization of the purchase request.
- 3.1 Department Heads and Division Chiefs will be responsible for determining that available funds exist for each purchase requisition.
- 3.2 Department Heads and Division Chiefs will be responsible for the accuracy and completeness of each purchase requisition.
- 3.3 Department Heads and Division Chiefs will be responsible for receiving, inspecting and verifying the goods or services are received.
- 3.4 The Department Heads and Division Chiefs will be responsible for, upon receipt of an invoice, comparing invoice with related supporting documentation for agreement of price, quantity, and terms, and verifying the mathematical accuracy of the invoice. Upon completion of the above affix the stamp of "Approval for Payment" and complete all necessary information including full signature and forward to the Department of Finance and Budget.
- 3.5 Purchasing Office will be responsible for preparing purchase orders for only authorized purchase requisitions.
- 3.7 Purchasing Office will be responsible for verification of available funds for each purchase requisition.
- 3.8 Purchasing Office will be responsible for the completeness and accuracy of the purchase order.
- 3.9 The Department of Finance and Budget is responsible for verification of agreement among the vendor's invoice, and Purchase Order.

- 3.10 The Department of Finance and Budget is responsible for the verification of the mathematical accuracy of the invoices.
- 3.11 The Department of Finance and Budget is responsible for preparation of the voucher and reviewing the authorized approval for payment and all support documentation.
- 3.12 The Department of Finance and Budget is responsible for approval of voucher for payment.
- 3.13 The Department of Finance and Budget is responsible for the accurate and proper recordation of all transactions.
- 3.14 The Treasurer is responsible for the verification that each check is supported by an approved voucher.
- 3.15 The Treasurer is responsible for reviewing support documentation before signing the check.
- 3.16 The Treasurer is responsible for signing the checks.
- 3.17 The Treasurer's Office is responsible for cancellation of support documentation after payment.
- 3.18 The treasurer is responsible for mailing the checks.
- 3.19 The Treasurer's Office is responsible for filing paid vouchers in an orderly manner.
- 3.20 The Department and/or Division is responsible for reviewing weekly/monthly financial reports to verify proper account classification of expenditures.
- 3.21 The Director of the Department of Finance and Budget, or his designee, shall be responsible for notifying the County Administrator when revisions to this procedure become warranted.
- 3.22 The County Administrator shall be responsible for the continued implementation and monitoring of this procedure.

General

- 4.0 Effective controls are needed to provide reasonable assurance that only authorized purchases are made, purchases are executed in accordance with authorized terms and purchases are made on the basis of the lowest cost that is compatible with quality and time constraints.

- 4.1 Effective controls are needed to provide reasonable assurance that authorized purchases are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles and provide a basis of accountability of assets and expenditures.
- 4.2 Effective controls are needed to provide reasonable assurance that only authorized purchases are received and the goods or services are received according to authorized specification.
- 4.3 Effective controls are needed to provide reasonable assurance that only authorized purchases of goods and services that have been actually received are paid.

Departments and Divisions Affected

- 5.0 All

Procedure - Placing the Purchase Requisition

- 6.0 Department/Division - Recognize and evaluate the need for goods or services.
- 6.1 Department/Division - Review latest weekly report Statement of Actual vs. Budgeted Expenditures for availability of funds per particular line item involved.
- 6.2 Department/Division - Develop quality specifications for goods or services desired.
- 6.3 Department/Division - Purchases under \$2,500 - Complete Calvert County, Maryland Purchase Requisition either electronically or manually. Include the following information:
 - A. From (requesting division or department)
 - B. Full Account Number, i.e., 321-20205. If a capital project, indicate project number and account number
 - C. Date Prepared
 - D. Suggested Vendor (Include tax identification number or social security number and workers compensation certificate)
 - E. Street (vendor)
 - F. City, State, Zip (vendor)
 - G. Ship to
 - H. Date needed
 - I. Provide a description as outlined in 6.2 above
 - J. A catalog number if applicable
 - K. Quantity
 - L. Unit Price
 - M. Total Amount
 - N. General purpose of items requested

- O. If additional quotes are obtained, they should be listed in the text field (electronically) or space provided at the bottom of the requisition form (manually).
 - P. Purchasing may change a vendor for requests under \$1,500 if it is know that the same product or quality can be obtained at a better price.
- 6.4 Department/Division - Purchases over \$2,500 - Complete Calvert County, Maryland Purchase Requisition either electronically or manually or give detailed specifications directly to the Purchasing Office. The vendor and product will be determined as in 7.7. Include the following information if available:
- A. From (requesting division or department)
 - B. Full Account Number, i.e., 321-20400. If a capital project, indicate project number and account number
 - C. Date Prepared
 - D. Suggested Vendors if available (Include tax identification number or social security number and workers compensation)
 - E. Ship to
 - F. Date needed
 - G. Provide a description as outlined in 6.2 above
 - H. A catalog number if applicable
 - I. Quantity
 - J. General purpose of items requested
- 6.5 Department/Division - All Purchase Requisitions are to be approved by Division Chief and Department Head. Approvals document the authorization to initiate a request.

Change Orders for Fixed Priced Formal Contracts

- 6.6 A contract change order form must be completed, signed by the Contractor and Department Head, and then routed to the appropriate approval authority. Complete description of the change and all supporting documentation should be attached to the form so that the approver will have complete understanding of the request.
- 6.7 Approved change order form will be forwarded to the Purchasing Office for processing by the approver. The end user will not be required to submit a requisition for the change order, as the information on the change order form will provide all the information necessary to create the purchase order.
- 6.8 The end user will have no authority to authorize any work related to the change order until a signed purchase order and the change order form has been placed in the requesters purchase order folder.
- 6.9 A report of all change orders processed will be provided to the Board of County Commissioners on a weekly basis by the Purchasing Office.

- 6.10 End users must maintain a cumulative total of change orders processed on a contract. The cumulative total will determine who the approval authority will be for that change order.
- 6.11 Limits of approval authority are as follows:
- Director of Finance & Budget up to \$25,000
 - County Administrator up to \$50,000
 - President of the Board of County Commissioners up to \$100,000
 - Full Board of County Commissioners \$100,000 and over

Receipt of Purchase Requisitions by Purchasing

- 7.0 Purchasing Office - Review Purchase Requisition to ascertain if properly completed per 6.3 and 6.4. If Purchase Requisition is not properly completed return to initiating Division/Department for additional information. Document information needed on purchase requisition and date returned.
- 7.1 Purchasing Office - Purchasing Office will maintain a list of Department Heads and Division Chiefs authorized to approve purchase requisition. Purchasing Office will review purchase requisition to ascertain if the proper authorizations have been included.
- 7.2 Purchasing Office - Review Department or Division authorized budget to ascertain availability of funds per line item. If funds are not available, requisition will be returned to requesting Department or Division with reason purchase requisition was denied.
- 7.3 Purchasing Office - The Purchasing Office will maintain a Vendor Reference File.
- 7.4 Purchasing Office - The purchasing office will verify the suggested vendor included on the purchase requisition and may require additional information from the Department or Division such as tax ID numbers.
- 7.5 Purchasing Office - Purchases under \$2,500 - The Purchasing Office should prepare the Purchase Order from the information submitted by the Department/Division. Information included is as follows:
- A. Vendor name, address and phone number
 - B. Ship to: (Requesting department and address)
 - C. Purchase Order Number
 - D. Vendor Number
 - E. Full Account Number
 - F. Ship to Number
 - G. Order Date
 - H. Delivery Required Date
 - I. Description
 - J. Quantity
 - K. Unit
 - L. Unit Price
 - M. Amount

- 7.6 Purchasing Office - Purchases over \$2,500 - The purchasing office will contact vendors to obtain competitive prices using the specifications as described in 6.4.
- 7.7 Purchasing Office - All purchase orders are to be reviewed for correctness and approved by authorized individuals at the Purchasing Office. Any purchase of supplies, services and materials up to \$500 require review and signature approval of the Purchasing Officer. Any purchases of supplies, services and materials in excess of \$500 (or Capital Outlay items, e.g., furniture and equipment, regardless of value) require review and signature approval of the Director of Finance and Budget or his designee.

Receiving of Goods or Services

- 8.0 Department/Division - Upon receipt of goods or services go to electronic purchase order file and locate the related PO. A purchase order must be on file to receive goods or services.
- 8.1 Department/Division – Count (when applicable) and inspect goods or services received. When quantities are involved, count and document on a copy of purchase order. When services are rendered, observe services to insure work is satisfactory and complete. Received goods or services should agree to purchase order specifications.
- 8.2 Department/Division – Upon receipt of invoice, compare to related purchase order and contract when applicable for agreement of price, quantity, and terms. If in agreement, affix the stamp of “Approval for Payment” and complete all necessary information, full signature, and date of approval, and classify the expense account number.

Processing the Voucher for Payment

- 9.0 Department of Finance and Budget – Receive invoice (from vendor/Department) from requesting Department/Division. Stamp date received
- 9.1 Department of Finance and Budget – Review for authorized approval for payment. If not completed properly, return to the Department.
- 9.2 Department of Finance and Budget – Review invoices to ascertain payment discounts and payment due dates. Invoices containing payment discounts are to be given priority and processed promptly to take advantage of such discounts. Invoices containing due dates in the future are to be held and processed in the check run that corresponds with the due date. In cases where invoices are received initially at the Department/Division level it will be the responsibility of that Department/Division to promptly forward all supporting documentation to the Department of Finance and Budget to allow for an invoice to be processed and paid by the due date realizing all payment discounts.

- 9.3 Department of Finance and Budget – Establish the agreement of the vendor’s invoice with the Purchase Order, e.g., quantities and costs on purchase order, receiving report, and invoice are in agreement.
- 9.4 Department of Finance and Budget – Determine the mathematical accuracy of the invoice.
- 9.5 Department of Finance and Budget – Indicate on the invoice that the preceding verification steps have been performed and signature or initials of person responsible.
- 9.6 Department of Finance and Budget – Prepare Voucher assigning appropriate account codes and attach all support documentation.
- 9.7 Department of Finance and Budget – Verify the accuracy of the voucher and initial as evidence of verification.
- 9.8 Department of Finance and Budget – Approve the voucher for payment by having an authorized person from within the Department of Finance and Budget review and sign the voucher.
- 9.9 Department of Finance and Budget – Input voucher information into accounting system.
- 9.10 Department of Finance and Budget – Review Department or Division authorized budget to verify the availability of funds per line item. If funds are not available contact Department/Division personnel requesting budget adjustment in order to process bill.
- 9.11 Department of Finance and Budget – Post vouchers into the computer.
- 9.12 Department of Finance and Budget – After posting is complete input appropriate computer entries to run computer Selection of Payments.
- 9.13 Department of Finance and Budget – Alphabetize vouchers and run two adding machine tapes to verify accurate totals.
- 9.14 Department of Finance and Budget – Run grand total tape of all vouchers insuring this grand total balances with the Selection of Payments total. If totals agree to 9.22, if totals do not agree complete steps 9.18 through 9.21.
- 9.15 Department of Finance and Budget – If tapes do not balance locate and correct any data causing an out of balance condition.
- 9.16 Department of Finance and Budget – Correct (change, delete, or add) computer files.
- 9.17 Department of Finance and Budget – Direct computer to run Selection of Payments again.

- 9.18 Department of Finance and Budget – Insure total from tape and total from Selection of Payments balance.
- 9.19 Department of Finance and Budget – Instruct computer to produce checks via printer.
- 9.20 Department of Finance and Budget – Input information to run computer produced check register (annotate voided check numbers on the register).
- 9.21 Department of Finance and Budget – Deliver copy of check register, selection of payment and checks to Treasurer’s Office for disbursement.

Signing of the Check

- 10.0 Treasurer – Verify that each check is supported by an approved voucher. Checks supported by invoices that contain payment discounts or immediate due dates are to be given priority.
- 10.1 Treasurer – Review all supporting documentation before signing a check.
- 10.2 Treasurer – Sign the check.
- 10.3 Treasurer – Supporting documentation should be stamped or perforated after payment.
- 10.4 Treasurer – Remittance advice should be attached to the voucher package.
- 10.5 Treasurer – Voucher package is to be filed by vendor.
- 10.6 Treasurer – The Treasurer will control mailing of the checks. Checks supported by invoices that are due at a future data are to be held and released for payment at the time that corresponds with that due date.

Forms Used

- 11.0 Calvert County Purchase Requisitions
- 11.1 Calvert County Purchase Order
- 11.2 Voucher
- 11.3 Contract Change Order form

Amendments

9/15/08 Added Sec. 6.6 to 6.11 - Change Orders for Fixed Priced Formal Contracts
9/15/08 Added Sec 11.3 – Contract Change Order form

