



**DOUGLAS COUNTY
ADMINISTRATIVE POLICIES AND PROCEDURES**

SUBJECT: FINANCE	APPROVAL DATE 5/18/04
TITLE: PURCHASING OF GOODS AND SERVICES	REVISION DATE 10/22/20

PURPOSE: To ensure the efficient use of taxpayer dollars through market competition, adherence to budget through encumbrance of committed funds, and compliance with State statutes.

DEPARTMENT

RESPONSIBLE: Finance

DEPARTMENT(S)

AFFECTED: All

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POLICY:

The objective of this policy is to:

- Clarify Douglas County procurement practices
- Establish consistent procurement procedures
- Strengthen public confidence in procurement activities
- Ensure the fair and equitable treatment of all individuals dealing with the County procurement system
- Encourage effective competition
- Maximize the value of taxpayer dollars

This policy is meant to assist each County employee who is directly or indirectly responsible for purchasing goods and/or services on behalf of the County. For situations not specifically addressed in this policy, Employees and Elected Officials are encouraged to contact the Purchasing Division.

- 1) **Compliance with State Statutes and County Policy:** All expenditures shall be made in compliance with the Colorado Revised Statutes and adhere to all County policies issued relative to the purchase of goods and services and the expenditures of approved budget. Purchases or contracts made contrary to the policies will not be binding upon the County and the person making the purchase may be held personally liable.

- 2) **Department/Office Information:** Purchasing provides all County Departments/Offices with a centralized source for pricing, research, quotations, bids, proposals, vendor contact, and problem solving assistance.

It is the intent of the Purchasing Division to consider the total cost of a product or service through its life-cycle and usage requirements. The Purchasing Division strives to establish long-term partnerships where feasible and continually improve services from our vendors. The Purchasing Division aims to minimize the total cost, not just the initial cost.

The Purchasing Division uses many sources for goods and services, including the State of Colorado Price Agreements, General Services Administration (GSA) contracts, various purchasing cooperatives, and bids/proposals from other governmental entities. The Purchasing Division uses a variety of methods to fulfill departmental requirements. Bids, quotes, and proposals are solicited (from vendors) via the Rocky Mountain E-Purchasing System.

As a political subdivision of the State of Colorado, the Purchasing Division operates in accordance with the laws of the State of Colorado Procurement Code and Rules/Colorado Revised Statutes. The Procurement Code states that there must be open and fair competition. These methods include:

- a) Invitation for bids (C.R.S. 24-103-202)
- b) Requests for proposals (C.R.S. 24-103-203)
- c) Emergency procurements (C.R.S. 24-103-206)

- 3) **Stages of Public Procurement:** Procurement in the public sector is the process through which a government acquires goods and services for its own use. The terms “purchasing” and “procurement” are often used interchangeably. However, strictly speaking, “purchasing” is only one of three stages of the procurement cycle.

The three stages of procurement are:

- a) **Planning and Scheduling** ~ Planning and scheduling of procurement activities to meet program and budgetary objectives;
- b) **Source Selection (Purchasing)** ~ Source selection is the process through which all solicitations are issued, legal notices run, vendors selected, and the goods and/or services are received; and
- c) **Contract Administration** ~ Administration of the terms and conditions of the contract/purchase order and the appropriate invoices are paid.

One of the most important rules of public procurement to remember is that each procurement action results in a legal contract between the County and the supplier. Procurement activities are governed by common law and the State of Colorado Procurement Code and Rules/Colorado Revised Statutes. Therefore, individuals making procurement decisions are subject to legal constraints and exposure.

- 4) **Code of Ethics:** Douglas County Government is a member of the National Institute of Governmental Purchasing (NIGP), an international organization of purchasing professionals. The Institute believes, and it is a condition of membership, that the following ethical principles should govern the conduct of every person who makes purchases/procurement decisions for Douglas County. A link to the NIGP website, Code of Ethics page is as follows: <https://www.nigp.org/home/about-nigp/code-of-ethics>

A Procurement Professional:

- a) Seeks or accepts a position as employee only when fully in accord with the professional principles applicable thereto and when confident of possessing the

qualifications to serve under those principles to the advantage of the employing organization.

- b) Believes in the dignity and worth of the services rendered by the organization and the societal responsibilities assumed as a trusted public servant.
- c) Is governed by the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the organization and the public being served.
- d) Believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest and not tolerable.
- e) Identifies and eliminates participation of any individual in operational situations where a conflict of interest may be involved.
- f) Believes that any employee of a public entity should at no time, or under any circumstances, accept directly or indirectly, gifts, gratuities, or other things of value from suppliers, which might influence or appear to influence purchasing decisions.
- g) Keeps the governmental organization informed, through appropriate channels, on problems and progress of applicable operations by emphasizing the importance of the facts.
- h) Resists encroachment on control of personnel in order to preserve integrity.
- i) Handles all personnel matters on a merit basis, and in compliance with applicable laws prohibiting discrimination in employment on the basis of politics, religion, color, national origin, disability, gender, age, pregnancy and other protected characteristics.
- j) Seeks or dispenses no personal favors. Handles each administrative problem objectively and empathetically, without discrimination.

5) Purchasing Authority:

- Purchases of less than \$25,000 are delegated to Elected Officials, Department Directors, and/or their Division Managers with the approval of the County Manager.
- Purchases of less than \$100,000 may be approved by the County Manager.
- Purchases of \$100,000 or more require the approval of the County Manager and the Board of County Commissioners.
- No single purchasing transaction shall be subdivided for the purpose of circumventing the dollar value limitation of this policy.
- Budget approval does not negate the need for Board of County Commissioner approval in a public hearing or a business meeting.

6) Competitive Bid/Proposal/Quote Requirements: Unless exempted below, purchases of supplies and/or services of \$5,000 or more require competitive solicitation, as follows:

- Purchases totaling \$5,000 to \$24,999 require three (3) written quotes
- Purchases totaling \$25,000 or more require formal competitive bids/proposals

Records retained within the Department/Office must be available for inspection. The County reserves the right to reject any and all bids/proposals, to waive formalities, informalities, or irregularities contained in a said bid/proposal and furthermore, to award a contract for items in whole or in part, if it is deemed to be in the best interest of the County.

- 7) **Exceptions to Bid/Proposal/Quote Requirements:** Douglas County recognizes that sometimes procurement does not lend itself to competitive source selection. The following list identifies the types of purchases that are exempt from competitive source selection.
- Single Source and Sole Source Procurements (Section 20)
 - Local, State, or Federal Pricing
 - Cooperative Purchasing/Price Agreements
 - Piggybacking on bids/proposals/contracts from other government entities
 - Purchases through vendors selected for annual countywide award (Section 23)
 - Maintaining the necessary standardization of equipment
 - Professional services selected from a pre-qualified vendor list (if the pre-qualified list was created as a result of a formal process)
 - Emergency Purchases (Section 21)
 - Renewal of Existing Software and Licenses
 - Informational Database Access Subscriptions and Licenses
 - Real Estate and Open Space Leases/Purchases
 - Exceptions to Purchase Order/Encumbrance Requirements (Section 9)
 - Determination by the County Manager that a negotiated contract with a single vendor is in the best interest of the County
- 8) **Purchase Order/Encumbrance Requirement:** Unless exempted below, purchases totaling \$5,000 or more require the issuance of a purchase order and encumbrance of budget.
- 9) **Exceptions to Purchase Order/Encumbrance Requirement:**
- Purchases that have met the competitive bid/proposal/quote requirements and can be paid, via single payment, on a county-issued purchasing card
 - Utilities (electricity, natural gas, telephone, water, or similar services)
 - Fuel
 - Contributions and Grants
 - Advertising
 - Allocations to Outside Agencies/Intergovernmental Agreements
 - Postage and Mailing House Services
 - Recording Fees
 - Insurance, Legal, and Medical Services
 - Training, Memberships, Dues, Subscriptions, and Publications
 - Seminars, Conferences, and Travel Expenses
 - Debt Service and Issuance Costs
- 10) **Procurement of Technology Items:** All computer-related equipment, software, licenses, telecommunications, printers, and fax machines are to be approved by the Director of Information Technology (or their designee) prior to purchase. All requests are reviewed by Information Technology for cost effectiveness, compatibility, configuration, standardization, and support capability.

11) **Procurement of Furniture Items:** All furniture-related items are to be approved by the Director of Facilities, Fleet & Emergency Support Services (or their designee) prior to purchase. All requests are reviewed for cost effectiveness, compatibility, configuration, standardization, and support capability.

12) **Conflict of Interest:** All County employees are prohibited from:

- Knowingly influencing the County to enter into a purchase agreement/contract that will benefit the employee either directly or indirectly.
- Underestimating or exaggerating requirements to a prospective bidder for the purpose of influencing bids/quotes.
- Misrepresenting the quality of a vendor's products and/or services.

Please familiarize yourself with the Ethics-Centered Government document posted on DCNet, under the heading of "Human Resources" or click on the following link at:

https://douglascounty.sharepoint.com/county_manager/Documents/Ethics-Centered%20Government.pdf

13) **Conduct When Dealing with Vendors:** The County values its suppliers and assumes that all suppliers, in turn, value the County's business. No token or display of this appreciation is necessary or encouraged.

If a procurement decision is sound, the method of determination is documented and open to public inspection. It is important that awards are made based on competition or the best value for the County, that the reason for those awards are documented and defensible, and that your decision is based on fact and is made in the best interest of the County.

14) **Vendor Debarment Procedure:** Debarment of a vendor is an action taken by the County to exclude individuals or firms from contracting with the County for a specified period of time. The Purchasing Division may debar a vendor for cause by written notification that shall include the reasons for debarment and the period it remains in effect. The following actions are causes that may result in debarment:

- a) Unsatisfactory performance on a contract with the County, including but not limited to, failure to comply with contract terms and conditions or failure to meet specification/scope of services requirements.
- b) Offering any gift, gratuity, favor, or advantage to any County employee.
- c) Failing to disclose a condition constituting a conflict of interest.
- d) Court judgment finding a violation of Federal or State antitrust laws.

During the period of debarment, a vendor will not be eligible for contract awards, or have contracts renewed or extended. It is the responsibility of the vendor to request reinstatement at the end of the debarment period.

15) **Procurement Records:** Procurement documents are subject to the Colorado Open Records Act (CORA) and are generally available upon written request. All open records requests must be emailed to CORA@douglas.co.us. All procurement documents are retained and

disposed of in accordance with records retention guidelines and schedules.

Douglas County does not release the responses to a procurement solicitation until an award has been made and the contract is fully-executed. All submissions received must be kept secure during the evaluation process.

- 16) **Preferences:** We believe that preferences diminish competition. Douglas County does not exercise any “preferences”. Businesses owned and operated by local, minority, and/or women are encouraged to submit responses to any and all quotes, bids and proposals; however, preference will not be given over any other business.
- 17) **Tax Exemptions:** Vendors shall not include state, local, or federal taxes in any prices quoted to the County. The County federal tax exemption number is 84-6000761 and the County state tax exemption number is 98-04428. A state tax exemption certificate will be furnished upon request.
- 18) **Contracts:** As specified by the County Attorney’s Office, “Contracts provide necessary protection for the County and should be required when purchasing any goods or services.” A copy of the standard Public Contract for Services is available, by request, from the County Attorney’s Office.
- 19) **Insurance Requirements:** As specified by Risk Management, all insurance requirements must be approved prior to contract award.
- 20) **Single Source and Sole Source Procurements:** A **single source** is a type of procurement where an entity has chosen to “standardize” a particular type of commodity or service for purposes of continuity of parts, equipment, maintenance, service, and training. Single sources are usually for items that are available through a competitive process. A **sole source** is a type of procurement where an item is only available from one source. Sole sources are for the procurement of items for which there is no competition.

A single source or sole source procurement must be documented and will be evaluated on a case-by-case basis. Any request by a County department/office that procurement should be restricted to one potential supplier shall be accompanied by a written explanation from the department/office (explanation/justification letters should not be written by the vendor/manufacturer) as to why no other supplier will be suitable or acceptable to meet the need. This written explanation will be attached to the purchase request for auditing purposes; all single/sole source purchases must be approved by the County Manager. In cases of reasonable doubt, competition should be solicited.

- 21) **Emergency Condition/Emergency Purchase:** An emergency/disaster condition is a situation which creates a threat to public health, welfare, or safety such as a situation that may arise by reason of fire, flood, epidemic, pandemic, civil disturbance, equipment failure, or other natural or man-made reasons that may be proclaimed by the execution of a Disaster Declaration (as found in the Emergency Operations Plan). The existence of such conditions

creates an immediate and serious need for supplies, equipment, materials, and services that cannot be met through normal procurement methods and the lack of which would threaten the function of County government, or the health, safety or welfare of County residents. A need for an emergency procurement shall waive all existing procurement requirements and shall be limited only to the quantity of those supplies, equipment, materials, or services necessary to meet the emergency.

- 22) **Use of State or Other Governmental Entity Awards:** The County may purchase from state and local governmental entity contracts that have been awarded for goods and/or services required, when the award specifically states that this is permissible. The County should not use the prices on a state or local governmental entity contract as a means of negotiation with other vendors. Typically, the prices under these contracts have been negotiated with the anticipation that the volume will be increased because other government agencies having similar requirements will use them. These contracts are already in place and is a time-savings and normally cost-savings measure as they eliminate the requirement for a formal solicitation. Also, there are usually negotiated terms and conditions that prove to be beneficial for all governmental agencies.

When a particular commodity/service is available on a state or local governmental contract, you may purchase directly from the contract, referencing the contract or award number, at the price negotiated by the state or local governmental entity.

- 23) **Use of County Wide Annual Price Agreements:** The Purchasing Division, for the benefit of the entire County, establishes annual County wide awards for supplies and services. These awards are advertised and awarded to the vendor(s) that provide the best overall price to the County. Since these agreements have been completed in an open market, County departments may place orders against these awards without needing to obtain additional competitive bids/quotes. All County departments are encouraged to use the County wide awards. If the County wide awarded vendor cannot meet your requirements, then the purchasing division should be notified.

- 24) **Purchasing Card Program:** The Douglas County Purchasing Card may be used for purchases in accordance with the rules and regulations set forth in the Purchasing Card Policy, III.1.5, and all associated forms. County departments/offices desiring to participate in this program should contact the Purchasing Division to request information.

- 25) **Professional Services:** Services rendered by members of a recognized profession or possessing a special skill. Such services are generally acquired to obtain information, advice, training, or direct assistance.

If any vendor/consultant is involved in the preliminary design/development of any project, they will be considered to have superior knowledge of the project as well as an unfair advantage over all of the other bidders, thus creating an “unlevel playing field” and therefore will not be allowed to bid on the project.

In all circumstances where Professional Services are procured, a purchase order and public contract for services must be created.

26) Procurement Methods Not Requiring Formal Solicitation: All purchases and contracts shall be procured competitively if the aggregate dollar total is more than \$5,000, with the exception of purchases or contracts made under Section 7, Exceptions to Bid/Proposal/Quote Requirements.

- a) **Purchases** ~ Expenditures for the procurement of supplies, equipment, materials, or services having an estimated value of less than \$5,000 may be made by exercising one of the below-mentioned informal procurement methods. Informal procurement methods do not require the publication of a legal notice and do not require compliance with the formal procurement methods. No single procurement transaction shall be subdivided for the purpose of circumventing the dollar value limitation of this policy. The types of informal procurement methods are:
 - i) **Small Purchase** ~ A small dollar purchase may be made for supplies, equipment, materials, or services in the amount of less than \$5,000 without the need of obtaining more than one quote/bid.
 - ii) **Request for Quote** ~ A Request for Quote (RFQ) should be used to purchase supplies, equipment, materials, or services of \$5,000 to and including \$24,999. An RFQ may be informally solicited from multiple vendors or posted on the Rocky Mountain E-Purchasing System. When using this method, the department should request the vendor to provide a written quote, which should include all pertinent information to ensure that all details relating to this purchase, i.e., cost, date of delivery, freight charges, discounts, etc., are understood. A minimum of three (3) price quotes should be received; a “no response” or “no thank-you” does not meet the requirement of a responsive quote. Upon receiving the quote responses, the department/office or the purchasing division will then tabulate the responses for review. After the review and selection process is complete, the department/office will be responsible for creating a purchase request to signify their intentions; the purchase request must include copies of the quotes received and the tabulation spreadsheet. The purchase request should then be forwarded to the purchasing division for processing.

27) Procurement Methods Requiring Formal Solicitation: It is generally recognized that the surest way to determine the best source is to conduct a competitive bid/proposal among potential suppliers. True competition requires comparing prices, terms, and conditions of equal or similar items or services. It is important to consider the criteria on which to determine the best source. Even when there is only one supplier of a specific item, the issuance of a formal bid/proposal maintains a competitive environment. It is competition, either actual or perceived, which forces vendors to keep their prices reasonable.

The procurement of goods or services exceeding, or equal to, an amount of \$25,000 must be competitively solicited. The success of a formal competitive solicitation begins with the preparation of good specifications.

- a) **Purchases** ~ Expenditures for the procurement of supplies, equipment, materials, or

- f) **Addendum to a Bid/Proposal** ~ At any time after the initial posting of the bid/proposal but not later than three (3) days prior to the due date, addendums to the original IFB or RFP may be posted for clarifications and/or changes to the original document(s). Addendums shall be posted on the Rocky Mountain E-Purchasing System. Acknowledgement of the receipt of the addendum must be included in the submission of the IFB or RFP response. If the addendum alters the information required on the bid form, a revised bid form will be provided as a part of the addendum and will be required with the vendor response. Failure to acknowledge the receipt of the addendum may be cause for the rejection of the IFB or RFP response.
- g) **Withdrawal of Bid/Proposal Response** ~ A vendor, prior to the bid/proposal due date and time, may withdraw their response if the vendor representative appears with a written request (including contact information) for withdrawal of the bid/proposal. The withdrawal of a bid/proposal response after the due date and time will be handled on a case-by-case basis.
- h) **Bid/Proposal Submission** ~ All bids/proposals must be signed, sealed, clearly marked, addressed, and delivered, as indicated.
- i) **Low Tie Bids** ~ As a general rule, if two or more bids are received for the same total price and one of the bidders has their place of business within Douglas County, the local vendor will be considered the low bidder if the quality and service of the tie bids are equal. In the event that two or more local vendors submit a “low” tie bid, the contract will be awarded by a random drawing.
- j) **Late Bid/Proposal Response** ~ Any or all bids/proposals that are not received prior to the due date and time stated, will be rejected. There will be no acceptable excuses for a late bid or proposal response.

- 28) **Protested Solicitations and Awards:** Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation or award of a contract may file a protest. The protest must be submitted within seven (7) business days after such aggrieved person knows or should have known of the facts. All protests must be emailed to the County Purchasing Supervisor.

The purchasing division and/or a designee shall have the authority to settle and resolve the protest of an aggrieved bidder, offeror, or contractor, actual or prospective, concerning the solicitation or award of a contract. A written decision regarding the protest shall be rendered within seven (7) business days after the protest is filed. The decision shall be based on and limited to a review of the issues raised by the aggrieved bidder, offeror, or contractor and shall set forth each factor taken into account in reaching the decision.

- 29) **Purchase Order Functions:** An approved purchase order assures the department/office that approval has been obtained to order and accept delivery of the specified goods and/or

services. It also provides assurance to the vendor that the County will remit payment for the goods and/or services received. A purchase order encumbers the funds against the correct business unit and object account. To obtain a purchase order, the department/office must submit a purchase request to the Purchasing Division; each purchase request must provide the following information, as appropriate:

- a) Vendor Name, Address, & Contact Information
- b) Ship to Location, Department/Office Name, Address, & Contact Information
- c) Quantity to be Ordered and Unit of Measure
- d) Specific Description of Items and/or Services being ordered/requested
- e) Unit Price, Extended Price, and Grand Total for all Items
- f) All pricing/documentation and subsequent approvals
- g) Business Unit and Object Account, as applicable
- h) Special Instructions and Signatures, as applicable

Once all of the documentation/signatures/approvals have been obtained, the information will be entered into the system and a Purchase Order will be printed. Purchasing will distribute copies to the vendor and to the appropriate staff in the requesting department/office, maintaining a copy to be filed.

30) Purchase Order Change Orders: A change order is a written order, signed by the department/division/office representative and (if applicable) the County Manager, or their designee, directing the vendor to make changes to the original purchase order and/or contract. A change order shall be prepared before the requested change(s) are made and are not to be performed by the vendor until the change order is properly approved and the purchase order amended to reflect the requested change. The approval of all change orders follows the same signature authority limits as purchase requests; if the approval of a change order increases the total project amount to the next higher signature authority level, the additional signatures will be required prior to the change order being processed.

31) Appendix:

- a) Appendix 1 ~ Purchasing Terms