

YELLOWSTONE COUNTY PURCHASING POLICIES & PROCEDURES
POLICY 24-127 AMENDING
POLICY NO. 23-117

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A. FORWARD/INTRODUCTION

The following Purchasing Policies and Procedures are intended for use as a guide for the decentralized purchasing system currently being used by Yellowstone County. When used with good judgment and common sense, the information provided will enable the County to obtain needed supplies and services efficiently and economically. County employees involved in the purchasing process should be familiar with and adhere to the guidelines set forth. These policies and procedures supersede all previous Purchasing Policies and Procedures.

B. PURCHASE REQUISITION

The purchase requisition (PR) is the initiating document necessary to set the purchasing or payment process in motion. The PR is prepared by each department in the Tyler Infinite Visions software. If the PR is for payment of an already received product or service, paperwork verifying the expense must be attached, i.e., invoice, packing slip, etc. The purchasing staff of the Finance Department will review the PR to assure all required information is correct. If all requirements are met, a purchase order number will be assigned. If the PR does not include the required information when received in the Finance Department, it will be returned to the originating department along with a memo noting the additional information necessary in order to process it or corrected if the Finance Department decides that is a better option.

The PR shall include all the following information:

1. Vendor, if known.
2. Quantity
3. Invoice or document identification number, if for payment
4. Abbreviated, accurate description of product or service.
5. Account number.
6. Unit price
7. Freight if applicable

When the Finance Department receives the PR, they will then become accountable for either ordering the items needed or processing the PR for payment. In order to do so, however, the following signatures are recommended to be on all purchase requisitions.

1. The requestor.
2. The Elected Official or Department Head, if not# 1.
3. The Elected Official or Department Head designee as filed in the Finance Department.

All purchase requisitions must have an authorized electronic approval or written manual approval on paper documentation.

If the PR is submitted to the Finance Department for payment only, all invoices verifying the expense(s) must accompany it. Any discounts available should also be noted on the PR in the appropriate place.

C. PURCHASE ORDER/CLAIM

The Purchase order/claim (PO) is basically a legal contract between the vendor and Yellowstone County. It authorizes the vendor to supply Yellowstone County with ordered goods or services. All purchase order/claims will be signed by the Purchasing Agent or his/her designee. No PO will be processed without a properly completed purchase requisition.

After the PO is executed, it will be attached to the PR and delivered to the Auditing Department.

Once Finance has made payment to the vendor and the transaction is complete, the purchase order and all accompanying paperwork will be filed in numeric order in the Auditing Department and retained for at least as long as records retention statutes require.

D. CREDIT CARDS

When possible, County purchases should be made using direct billing by the vendor.

Credit cards are to be requested through the Finance Department who will then seek BOCC approval for issuance.

Credit cards follow the same process as normal expenditures.

All credit card statements are required to have supporting documentation. Original itemized receipts and invoices must be turned over to the person in charge of the credit cards for that department in a timely manner after the date of the transaction or after returning from a trip or conference with any additional information to show the public purpose of the purchase. If a receipt is lost, the employee is required to prepare a missing receipt form, within five (5) business days, that is signed by the employee stating the purpose of the expense.

Each department will assign one person the responsibility of ensuring purchase requisitions containing all credit card invoices are turned in to the Finance Department in a timely manner to avoid incurring late fees. That person is responsible for ensuring all goods ordered are actually received and should not be the one to order the goods. If they are the employee who ordered the goods, a separate employee shall receive and inspect any goods purchased. Said person will review receipts and ensure that each purchase complies with county policy.

Monthly credit card bills must be paid in full by the department to avoid interest charges. Late fees on credit card invoices are determined to be an improper use of taxpayer money and could result in an audit comment on our annual financial audit. NOTE - Continued late charges due to a department's delays in getting the required paperwork with supporting docs and account coding submitted in a timely fashion may lead to the loss of credit card use by that department.

Credit card purchases are allowed for County business expenses only. Cash advances, purchases of alcoholic beverages or the purchase of personal items are not allowed under any circumstances. If an employee accidentally purchases a personal item on the County credit card, reimbursement must be made within five (5) business days. The original receipt must be turned in as proof of reimbursement to keep with the credit card purchase order.

It is the responsibility of the Elected Official/Department Head or designated person to notify the Finance department that a cardholder is ending employment so the credit card can be closed immediately. Failure to promptly notify the Finance Department may result in the loss of department credit card privileges.

Lost or stolen credit cards must be reported to the Finance department immediately by email.

All Credit Cards are also subject to the policy outlined in section C, "Purchase Order/Claim" and section I, 'Receiving and Inspection' below.

E. CAPITAL EXPENDITURES

Expenditure approval for capital outlay (900 series account) is granted when the budget is approved by the Board of County Commissioners, except for the following, which require further Commission approval.

1. A change in the type of capital equipment or project that was budgeted.
2. Any capital purchase that exceeds the capital outlay budget by more than 10%, not to exceed \$8,000 and that would require a transfer of funds from another line item in the budget.
3. If the capital purchase requires a formal bidding process by State statutes.
4. Purchases exceeding \$80,000, in line with MCA limits.
5. Purchases of real estate.

The Purchasing Agent will verify budget balance and assist with the purchase. Any computer and telecommunications related requests will be forwarded to Information Technology for review.

For building or remodeling projects approved by the Board of County Commissioners undertaken by the County as it relates to non-contract issues, the following applies:

1. In cases where an overall budget amount for a project is approved by the Board of County Commissioners, any expenditures specifically related to that project in an amount of \$50,000 or less may be approved by the Finance Director.
2. Any change order relating to an approved building or remodeling project in the amount of \$50,000 or less may be approved by the Finance Director.
3. Any individual expenditures exceeding \$50,000 shall be submitted to the Board of County Commissioners for approval.

F. REQUEST TO EXPEND

The request to expend (RTE) will be used to verify available budget monies and obtain Commissioner's approval, **when necessary** (see below), for all requests (costing \$2,500 or more with a useful life of at least one year). The RTE form is available from the Finance Department. The request to expend shall be completed by the Elected Official or Department Head requesting the equipment and forwarded to the Purchasing Agent with a completed purchase requisition. Per

MCA 18-4-306, if the purchase of goods/services exceeds \$10,000, and no competitive bid or proposal process is used, a Sole Source Procurement Justification Form acquired from the Finance Department will be filled out with the Department's recommendation and turned into Finance to accompany the RTE. The Purchasing Agent will then verify that budgeted funds are available for the purchase.

For amounts less than \$2,500, all departments will utilize purchase requisition (PR) forms only, no RTE is required.

Goods or services specifically approved by the Board of County Commissioners during the budget process and within the amount specifically approved, in amounts less than \$80,000, shall not require an RTE or Board approval.

For any goods or services to be coded to the 900 series object codes - capital items – costing \$2,500 or more and for which separate identification and approval was not included in the budget process, an RTE shall be submitted to the Board of County Commissioners for consideration and approval or denial at a regularly scheduled Board meeting.

Once the RTE is approved, it will then be the Finance Department's responsibility to assist the department with the capital acquisition and process the RTE with the purchase order.

The request to expend shall include the following information:

1. Item requested.
2. Cost
3. Any additional cost considerations (trade-in, freight charges, etc.)
4. Explanation of Purchase
5. Date RTE is prepared
6. Elected Official, Department Head or designee signature
7. Vendor, if known
8. Fund, Department, Activity and Objective number
9. Any price quotations or information pertaining to the purchase
10. Account balance
11. Purchasing Agent signature

Unless an emergency situation arises, all capital outlay purchases requiring an RTE must be approved by the Finance Department, and Board of County Commissioners, when necessary, prior to obligating County funds.

G. TRAVEL REQUEST (See Policy 09-22)

H. PETTY CASH

Petty Cash funds will be used to facilitate the purchase of low-cost items. Purchases allocated from petty cash should be limited to \$100.00. If expenditures are over this amount, normal purchasing procedures should be followed.

When a petty cash transaction occurs, a two-part petty cash form should be completed. For those departments that have their own petty cash fund, the original copy and sales receipt should be held by the requisitioning department until the cash on hand needs replenishment. At this time, the original copy of the petty cash form and sales receipt are to be forwarded to Purchasing for processing. A warrant to reimburse the department's petty cash fund will then be issued. The second copy of the petty cash form should be filed by the requisitioning department for their records. For those departments that do not have their own petty cash fund, the reimbursement process can be completed in the Auditor's office. All that is required is the receipt for which reimbursement is to be made.

The petty cash forms should contain the following information:

1. Date of purchase.
2. Amount of purchase.
3. Description of item purchased.
4. Department name.
5. Fund number.
6. Department number.
7. Activity number.
8. Object number.
9. Elected Official, Department Head or designee signature.
10. Vendor.

I. COMMISSIONERS' APPROVAL LIST

The Auditor's Office will generate a purchase order log used to record the Auditor's and Board of County Commissioners' approval on all claims prior to payment. The PO log will contain the following information:

1. PO number.
2. Date PO was issued.
3. Vendor.
4. Total dollar amount of PO.
5. Fund, Department, Activity and Objective number of the department involved.
6. Brief description.

Copies of the Purchase Orders will be forwarded with the purchase requisitions, requests to expend, travel requests and any additional paperwork to the Auditing Office for examination and verification. After verification, the Auditor's Office will forward one PO log to the Board of County Commissioners for their approval during a formal board meeting and one PO log to the Finance Department for warrants to be printed. After the Board has made final approval, the warrants are released.

J. RECEIVING AND INSPECTION

Those departments that receive products directly in their department will be responsible for the

receipt, inspection, and acceptance of those items. Inspection and acceptance of products shall not be conducted by any department employee involved in the ordering of the products. In no circumstance provided for under this section shall the Purchasing Agent serve in a receiving or accepting capacity for the County.

Receiving procedures are as follows:

1. When any or all items on the PO have been received, inspected, and accepted, the delivery receipt/packing list shall be dated, signed and forwarded to Finance purchasing staff.
2. When received items are not acceptable, the ordering department should notify the purchasing staff of the discrepancy, which will in turn contact the vendor and make arrangements to rectify the situation.
3. When items already accepted are subsequently found to be defective, the using department should notify the Purchasing Agent. When doing so, the following information, if available, is requested:
 - a. Name of vendor
 - b. PO number originally ordered on
 - c. Date defective item received
 - d. Nature of defect
 - e. Action requested (return for credit, replace, etc.)
4. When items are to be received by or delivered to someone or someplace other than the ordering department, such as Central Services, the above procedures shall be modified only to the extent that:
 - a. The receiving department may sign and date the delivery receipt/packing slip and forward it to Finance.
 - b. The receiving department must notify the ordering department of receipt of the order.

In the event an order is received without a packing list, one will have to be completed by the receiving department. A blank form for this purpose will be available from purchasing staff. It is extremely important that the packing slips are sent to purchasing staff as soon as the items are received and checked in. Without this paperwork, a warrant cannot be issued, and the vendor will not receive payment.

K. DISPOSITION OF ASSETS

Board of County Commissioners' approval is required by state statute to dispose of any asset in the County inventory. Any Elected Official or Department Head possessing assets excess to their needs are to submit in writing the description, asset tag number, if applicable, value, etc., of the asset to the Finance Department. The Finance Department will coordinate disposition by checking with other departments for possible use and consolidate a list to the Board to declare excess for sale, trade-in, or donation.

L. INVITATION FOR BID/REQUEST FOR PROPOSAL

When the estimated cost of products or supplies exceeds the limit established in MCA 7-5-2301 (\$80,000 at the time of adoption of this policy), the construction / repair / maintenance cost of a construction project exceeds this amount, or the construction of a building, road, or bridge exceeds this amount, an Invitation for Bid (IFB) or Request for Proposal (RFP) must be prepared. When the estimated cost of architectural/ engineering services exceeds the limit established in MCA 18-8-212 (\$50,000 at the time of adoption of this policy), an Invitation for Bid (IFB) or Request for Proposal (RFP) must be prepared. It must contain, but not be limited to, the following information:

1. The date and time the IFB/RFP is to be returned.
2. The date and time the IFB/RFP is to be opened.
3. The item(s) to be quoted or proposed.
4. A complete description and specification sheet for the item(s). This section must contain all information necessary for a vendor to make a complete and precise price quotation.
5. Shipping terms.
6. An estimated date the item is needed.
7. Operators/Service and Parts manual, if applicable.
8. The type and amount of the bid security required.
9. Any additional information such as pictures, warranties, trade-ins, etc.
10. Disclaimer.
11. The signature of the Yellowstone County Commission Chairperson.
12. The signature of the Yellowstone County Clerk and Recorder.
13. The address all IFB/RFPs are to be submitted to.

This information will be completed jointly by the requesting department and the Purchasing Agent. Specifications should be drafted in such a manner that a minimum of two (2) vendors will be able to participate in the procedure.

In addition to the completion of an IFB or RFP, an abbreviated form of each must also be published at least once a week for two consecutive weeks in an official newspaper of Yellowstone County. It must include the following information:

1. General description.
2. Bid deposit required.
3. Location where bid specifications may be secured.
4. Instructions for return of bid/proposal.
5. Time and date bids/proposals are to be returned.
6. Time and date bids/proposals are to be opened.

The Purchasing Agent may also solicit sealed bids from responsible suppliers by sending them a copy of the IFB or RFP.

When all IFB's and RFP's have been received, opened, reviewed, and recommended by the department head, the Board of County Commissioners shall award the contract to the lowest and best responsible bidder in the best interests of Yellowstone County.

For a detailed explanation of the Invitation to Bid or Request for Proposal process, please consult Volumes 2 and 3 of the Montana Codes Annotated.

M. CONTRACT AGREEMENTS

All agreements and contracts (excepting certain MetraPark contracts, and routine operational service and maintenance contracts) between any outside person or entity and Yellowstone County must be approved by the Board of County Commissioners prior to obligating Yellowstone County if any of the following factors exist:

1. The contract is in excess of \$20,000, or
2. The contract's term is in excess of one (1) year, or
3. The department's budget does not have sufficient funds to purchase the service or item.

The contract will be an official meeting agenda item and an official record of Yellowstone County. Furthermore, the Board of County Commissioners reserves the right to review any contract per their request.

N. PRINTED MATERIALS

Purchase requisitions for printed materials shall be accompanied by a sample form whenever possible. If the sample form needs to be returned, please indicate so on the purchase requisition. In addition to the standard information requested, an estimated date the forms will be required, and a projected yearly usage figure should be noted on the purchase requisition.

If there are changes of either the context or composition of the requested form, the finished proof (PMT) of said form shall be initialed by the Elected Official or Department Head as being correct prior to printing. When ordering printed materials, please keep in mind that the usual delivery time is five to six weeks. The suggested standard for ordering is to request a twelve-month supply when you have a three-month supply left. If followed, these guidelines should provide a continuous flow of forms necessary for daily operations.

O. BUDGET TRANSFER AUTHORITY

In instances where a department has sufficient budget authority within the various line items, the Finance Director or other Board of County Commissioners designee may authorize the transfer of budget authority, within line-item accounts, the legal budget authority of the fund not to exceed \$50,000. Such approved budget transfers will be noticed to the Board and the Board Secretary on a timely basis for placement to the record and accumulated and delivered to the Board and the public in writing as part of the County's mid-year budget and final budget documents.

P. LOCAL PURCHASING

All departments shall make every effort to use local vendors and businesses for all work-related purchases, reducing reliance on out-of-county retailers.

Q. BRANDING

To maintain consistency and appropriateness in the use of county branding, all departments are required to seek approval from the BOCC before creating any county-branded merchandise, including shirts, hats, bags, or other items intended for personal use, giveaways, or promotional purposes. In accordance with this policy, please submit any proposals for county-branded merchandise to the BOCC for review and approval before proceeding with production. This can be done by putting the item on the agenda for one of the BOCC's weekly discussion meetings.

R. EFFECTIVE DATE AND APPROVAL

These Purchasing Policies and Procedures are approved by the Board of County Commissioners of Yellowstone County, Montana, this 13th day of August, 2024. It is effective August 13th, 2024.

**BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA**

John Ostlund, Chair

Mark Morse, Member

Donald W. Jones, Member

ATTEST:

Jeff Martin, Clerk and Recorder

YELLOWSTONE COUNTY

FINANCE DEPARTMENT

SOLE SOURCE PROCUREMENT JUSTIFICATION FORM

Each sole source purchase must satisfy the following requirements: MCA 18-4-306, Sole Source Procurement--Records and ARM 2. 5.604.

- There is only one source for the supply or service item.
- Only one source is acceptable or suitable for the supply or service item.
- The supply or service item must be compatible with current supplies or services.

Department _____

Location: _____

Date: _____

Product/Service: _____

Manufacturer: _____

Estimated Cost of Purchase: \$ _____

Estimated length of Contract: (if applicable) _____

What evaluation or other product suppliers or service providers was made? (Please furnish names, addresses, and other documentation.) _____

How did you determine that there was only source for the product or services?

What product supplier or service provider has your Department used until now to satisfy similar requirements? _____

Department Head

Signature

Date

Purchasing Agent

Signature

Date

Sole Source Procurement Fact Sheet

MCA 18-4-306, Sole Source Procurement--Records and ARM 2. 5.604, Sole Source Procurement require that when making sole source purchases, that a "*Sole Source Justification*" form be completed by the requesting Department Head and signed off by the County Purchasing Agent. The form should be used on any sole source purchase when the price of goods/services exceeds \$10,000.00.

The form has a 4-year retention period, and the form is to be made available for public inspection.