

COUNTY OF SUSSEX
PURCHASING MANUAL
POLICIES AND PROCEDURES

*Issued February 14, 2003
Revised May 18, 2010*

INTRODUCTION

The purpose of the Office of Purchasing is to provide assistance to all County agencies in securing the best merchandise or service in the most efficient and economical manner in accordance with the statutory and regulatory requirements of New Jersey State Law.

The Purchasing Agent cannot, satisfactorily, fill the needs of a department unless all concerned are familiar with procedures. The following material should, therefore, be studied and followed on all future requests for purchases.

From time to time changes in this manual shall be made to keep the purchasing procedures in line with administrative requirements, code changes and statutory changes. Any changes will be in keeping with the prescribed and recommended purchasing practices of the State of New Jersey and the Board of Chosen Freeholders.

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A. GENERAL PURCHASING GUIDELINES

1. The Local Public Contracts Law and the Board of Chosen Freeholders empowers only the Purchasing Agent to make purchases for the County. Therefore, no department, division or institution has the right to obligate the County or the Purchasing Agent to buy from any vendor.
2. The Purchasing Agent has the obligation to coordinate the vendor, the using department, division or institution's requirements in such a manner as to assure fairness to the vendor and satisfaction to the department, division or institution's needs and the greatest benefit to the County that is possible.
3. Recognizing that purchasing is the responsibility of the Purchasing Agent, departments and divisions are charged with following the established procedures for requisitioning materials and supplies as set forth in this manual.
4. The purchasing system exercises control on purchasing policies and purchasing matters independent of, but in cooperation with, the using departments and divisions.
5. Due to organizational changes, situation changes, or requirements changed by the State of New Jersey, the Purchasing Agent may be required to establish certain procedures from time to time in order to expedite the appropriate purchase of materials. These procedures will be outlined in writing and distributed to the various using departments and divisions and will become a supplemental portion of this manual.

B. NORMAL PURCHASING PROCEDURES

Each department, division and institution will be allowed to enter purchase requisitions into the County's financial / purchasing system. The department, division or institution will provide the following information on all requisitions.

1. The Commodity and Sub-commodity of the requested items.
2. Appropriation number.
3. Identity and telephone extension of the person entering the requisition.
4. The supplier suggested.
5. The quantity needed.
6. The unit of measure.
7. A full description of the material or services.
8. The approximate cost (for encumbrance purposes).
9. The shipping address to which the materials should be delivered and the timeframe in which delivery should be expected.
10. Electronic authorizing signatures of divisional and/or departmental agents. The approvals should be in keeping with established policies within the agency's department.

The Office of Purchasing will review the request and confirm or select a vendor. The Purchasing Agent will communicate to the originating agency any changes in vendor or prices upon completion of this review. The Office of Purchasing will then forward the issued purchase order to the vendor (or agency if requested for the purpose of attaching documentations).

C. REQUEST FOR IMMEDIATE APPROVAL OF A PURCHASE ORDER

The department or institution may call the Office of Purchasing for immediate issuance of a Purchase Order based on **unforeseen** circumstances. The Purchasing Agent may or may not approve the immediate issuance of a Purchase Order based on a determination of facts. If approved, the requesting agency will provide the Office of Purchasing with the following information immediately in order to issue the Purchase Order.

1. Vendor name.
2. Using department or institution shipping address.
3. Item descriptions, commodities, order numbers, etc.
4. Approximate cost.
5. Appropriation code.

D. EMERGENCY PURCHASES

Emergency purchases are defined by New Jersey State Statutes as unforeseen situations that arise, which jeopardize the public health, welfare and safety. Ignorance of a situation or poor planning are not suitable reasons for the issuances of an emergency purchase. When a true emergency situation arises and an item for services is required immediately, the using department or institution will notify the Office of Purchasing as soon as possible. The Purchasing Agent shall adhere to the policy adopted by the Board of Chosen Freeholders and the provisions of the Local Public Contracts Laws (a copy of the Freeholder's emergency policy is attached).

E. BLANKET ORDERS

There are certain items and services used by Sussex County on a frequent and regular basis. These items will be procured through a blanket order. A Blanket Purchase Order is a purchase order issued to a specific vendor for a specific period of time covering the specific items or services needed on a regular basis. Blanket Purchase Orders usually have State or County Contracts as a basis for issuance.

F. MAINTENANCE AGREEMENTS

Services rendered on County-owned or leased equipment on a regular basis for a specified period of time shall be procured in the same manner as a blanket order.

G. CONFIRMING PURCHASE ORDERS

A confirming purchase order is any time a purchase order is issued after the receiving agency has placed an order for goods or services. Under the Local Authorities Fiscal Control Law (N.J.S.A. 40A: 5A-1 et seq.), the New Jersey Administrative Code (N.J.A.C. 5:30-5.2) and the Local Public Contracts Law (N.J.S.A. 40A: 11-1 et seq.) the utilization of confirming purchase orders is prohibited. Violations have or can result in fines, imprisonment, Grand Jury investigations and presentments.

H. SECURING OF PRICES

The securing of prices is one of the keystones in the entire purchasing process. The following methods are to be used in compliance with the Policies adopted by the Board of Chosen Freeholders as attached hereto.

1. Telephone. Some prices obtained by telephone quotations, although received informally, are deemed binding with the vendor.
2. Written Quotation. Request for quotations are sent to vendors when the Office of Purchasing must receive and hold on file the written confirmation of the cost of goods or services in accordance with the Board's policy.
3. Sealed Bid. The laws of the State of New Jersey requires that bids shall be received when goods or services to be purchased exceed in the aggregate amount the bid threshold established for that particular fiscal year. The aggregate amount accumulating toward the requirement for sealed bids is based on the total dollar value of purchases of a similar nature from all departments using a particular commodity, type of service, specific project or purchase of equipment. By using the method of sealed bid, the Board of Chosen Freeholders authorizes that bids will be received and read in public at a specific time and place.
4. Competitive Contracting. A new (2000) addition to the methods available for procurement, competitive contracting is designed to be similar to public bids but permitting the introduction of specific subjective evaluative issues necessary to the successful

completion of the service or project. Competitive Contracting is only permitted in a relative narrow cluster of goods and services.

I. AWARDING THE PURCHASE ORDER

1. Purchases under \$2,500.00. Purchases shall be reviewed and a Purchase Order issued by the Purchasing Agent.
2. Purchases \$2,500.00 to \$4,349.00. Prices shall be solicited as a verbal (oral) quotation by the Agency. The Purchasing Agent will review the prices in electronic form as an attachment to the purchase requisition. Purchase orders will be issued by the Purchasing Agent with concurrence of the using department, division or institution and charged to the appropriation as specified by the using agency.
3. Purchases \$4,350.00 to \$17,499.00. Notwithstanding the need for public bidding, a one-time purchase requirement of a unique commodity shall have written quotations submitted from vendors to the Purchasing Agent for review prior to approval of a purchase requisition and the issuance of a purchase order.
4. Purchases \$17,500.00 to \$28,999.00. Notwithstanding the need for public bidding, a one-time purchase requirement of a unique commodity or cumulative purchases exceeding \$17,500.00 shall have completed New Jersey Pay-to-Play documentation completed prior to the award of any purchases. Purchase Orders cannot be issued to vendors having exceeded the threshold for political contributions. All purchases in excess of the \$17,500.00 will be authorized by the Board of Chosen Freeholders.
5. Purchases (single or cumulative) over \$29,000.00: The using department, division or institution shall submit detailed technical information/ specifications to the Office of Purchasing. The Office of Purchasing will prepare bid packages based on the detailed information provided. Bids will be received at the specified time and place as advertised. After the bids are publicly opened they will be tabulated and reviewed by the Office of Purchasing as well as a representative from the using department, division or institution. The using department, division, or agency shall promulgate a recommendation of award to the Purchasing Agent. The Purchasing Agent shall formulate a Resolution for the award of the appropriate contract and place said Resolution on the next agenda for the Board of Chosen Freeholders. After an award of contract is made the Office of Purchasing shall draw up a formal contract for execution on the part of the vendor. Upon the vendor's execution of said contract and the return of that document along with any bonds or certificates of insurance or other submitted documents as may be required in the bid process, the Office of Purchasing shall issue a Purchase Order.

J. MISCELLANEOUS INFORMATION

1. Procedure for Payment of the Purchase Order

When a using department, division or institution receives the goods or services delineated on a purchase order, a receiving report should be generated in the financial/purchasing system. Receiving reports should not be entered until the goods are in the County's possession. The individual entering the receiving report into the system should have personal knowledge that the goods and/or services have been received and are exactly the same goods and/or services that are specified on the purchase order and originating department, division or agency. Acknowledging receipt of goods prior to the County taking possession of them could result in personal liability should the items be lost or not received. Personal liability may also be incurred for authorizing payments for goods and/or services not received. Once the invoice and signed voucher are received the information should be reviewed and signatures affixed based on department, division, or agency policy. The invoice and voucher should then be sent to the Division of Treasury for payment.

2. Partial Deliveries

If the quantity of goods or services delivered is not complete it should be reflected in the receiving report entered. If a problem develops in receiving the remaining goods, that information should be transmitted to the Office of Purchasing. The using agency may contact the vendor to see what the reasoning is for the delay. If no satisfaction is given, then the agency should contact the Office of Purchasing. Purchasing will then contact the vendor and find out why and when the remaining material will be delivered and determine if there is to be any consideration for damages due to breach of contract. If the partial shipment is of a nature that the goods received can be utilized without waiting for the full and complete order, then the department may authorize a partial payment based on an invoice reflecting the partial shipment and the prorated portion of the purchase. A duplicate voucher showing the partial payment amount against the encumbrance will be forwarded to the Division of Treasury. When the remaining items on the Purchase Order are delivered and invoiced appropriately, the voucher and the invoice relating to the final shipment amounts will be approved by the department and forwarded for final payment against the encumbrance and the Purchase Order.

3. Change Order Requests.

A request can be made by the using department, division or Agency indicating the necessity to change a purchase order. If a change in the purchase is required and the purchase is considered a simple one, then the using agency will identify the proper appropriation to be charged so the Division of Treasury may increase the encumbrance for said purchase. If the nature of the change requires a modification to the contract by a formal change order, then the department, division or institution shall forward the reason for the change and a signature of an authorized agent of said agency approving the change. If a change to the purchase order or contract are within the acceptable guidelines as publicized by the Division of Local Government Services, the Office of Purchasing will authorize the amendment of a purchase order or the promulgation of a Resolution for an official change order to a contract to be approved by the Board of Chosen Freeholders.

4. Deliveries

The person receiving a delivery will examine the item(s) to assure Item(s) is (are) in conformance with the specifications, to determine if any damage was sustained and to determine if the proper quantity was delivered. If the items were damaged or do not conform with the specifications, the Office of Purchasing shall be notified immediately. At the time of delivery the receiving person is usually required to sign for the goods; they should note any obvious damage to the shipping cartons and note it on the delivery ticket (or bill of lading from the delivery company) at the time of their signature.

5. Surplus Items

In the event that a particular item of permanent or supply property becomes surplus to the needs within the using department, division or institution, a description of the item (items) along with any serial numbers or other identifying numbers shall be forwarded to the Office of Purchasing. The Office of Purchasing shall determine the best method of disposal or transfer.

6. Omissions

If the using department or institution has any questions regarding the procedures as delineated in this manual, please make contact with the Office of Purchasing as soon as possible. Any omissions or corrections that need to be included with regard to these procedures shall be issued in written form to all using departments or institutions.

APPENDIX

RESOLUTION RE: INCREASING THE BID THRESHOLD PURSUANT TO N.J.S.A. 40A:11-3a AND N.J.A.C. 5:34-5.2

WHEREAS, the changes to the Local Public Contracts Law and New Jersey Administrative Code establishes the designation and criteria for Qualified Purchasing Agent; and

WHEREAS, Thomas W. Gildersleeve possesses the designation of Qualified Purchasing Agent as issued by the Director of the Division of Local Government Services in accordance with N.J.A.C. 5:34-5 et seq.; and

WHEREAS, the County of Sussex, has since January, 2003 taken advantage of the increased bid threshold available through Mr. Gildersleeve=s credentials; and

WHEREAS, the Acting Governor, in compliance with New Jersey Law, has reviewed the price indexes and has issued revised threshold maximums for public bidding.

NOW, THEREFORE, BE IT RESOLVED by the Board of Chosen Freeholders of the County of Sussex as follows:

3. This Board does hereby increase the bid threshold of this County to \$29,000.00.
4. This Board does hereby authorize the County Administrator to forward the necessary certification to the Division of Local Government Services.
5. This Board does hereby authorize and adopt the Policies and Procedures established by the Office of Purchasing for use in conjunction with the increased bid threshold. Copies of said Policies and Procedures shall be distributed to all Departments, Divisions, Agencies, and Constitutional Officers.
6. This Board does hereby authorize certified copies of this Resolution, the Resolution appointing Thomas W. Gildersleeve the County=s Qualified Purchasing Agent and Thomas W. Gildersleeve=s certification be forwarded to the Director of the Division of Local Government Services; the Purchasing Agent; the Chief Financial Officer/County Treasurer; County Counsel; the County Auditor; and the County Administrator.

Certified as a true copy of the Resolution adopted by the Board of Chosen Freeholders on the 13th day of July, 2005.

Elaine A. Morgan, Clerk
Board of Chosen Freeholders
County of Sussex

**PURCHASING POLICIES AND PROCEDURES RELATIVE TO THE ACQUISITION OF
CONSTRUCTION, GOODS AND SERVICES UNDER THE \$29,000.00 BID THRESHOLD
ESTABLISHED BY THE COUNTY OF SUSSEX**

Effective July 13, 2005 the County of Sussex has raised the bid threshold to \$29,000.00. In order to insure compliance with the word and intent of the Local Public Contracts Law the County of Sussex hereby establishes the following rules, procedures and policies for the implementation of this optional bid limit.

A. Bidding Thresholds:

1. The \$29,000.00 bid threshold is applicable to small construction projects (both single and multi-trade). Note, however, that prevailing wage is still applicable for construction projects over \$2,000.00.
2. Professional Service Agreements in excess of \$29,000.00 shall be authorized by Board Resolution.
3. Single and multiple purchases of commodities shall not exceed or accumulate to in excess of \$29,000.00 without advertisement and award of contract through public bidding.
4. Procurement under valid New Jersey State Contracts are not restricted to a particular dollar threshold. However, requisitions in excess of \$29,000.00 for purchases under a New Jersey State Contract or regional cooperative purchasing group shall have an authorizing Resolution permitting the Office of Purchasing to process and release the requisition prior to the promulgation of the purchase order. Multiple purchases of commodities that accumulate to in excess of \$29,000.00 shall also require an authorizing Resolution.
5. Procurement of items, listed as exempt under N.J.S.A. 40A:11-5, that exceed \$29,000.00 shall also require an authorizing Resolution.

B. Quotation Thresholds:

1. All requisitions reflecting individual or combined value in excess of \$2,500.00 but less than \$4,350.00 shall have documented pricing with the requisition of oral quotes (at least two) received for the items requisitioned. The documentation can be provided by the completion of the quotation information during requisition entry. Employees can access the quotation screen for completion via the drop down menu.

2. All requisitions in excess of \$4,350.00 shall have at least three competitive written (non-oral) quotations from the vendors contacted. Quotations shall be on vendor=s letterhead or bill-head with copies forwarded to the Office of Purchasing. Requisitions in excess of \$4,350.00 will not be processed until quotations are on file with the Office of Purchasing.
3. All purchases exempt by statute from public bidding in excess of \$29,000.00 shall have the using agency solicit two competitive written quotations for the exempt goods or services.
4. All requisitions in excess of \$4,350.00 for Professional Services shall be accompanied by formal written proposals from the various professional firms solicited for work on the project. Purchase orders will not be issued, or Resolutions placed on a Freeholder Agenda without prior solicitation and submission of the pre-requisite Request for Proposals.

C. Estimated Annual Quantities:

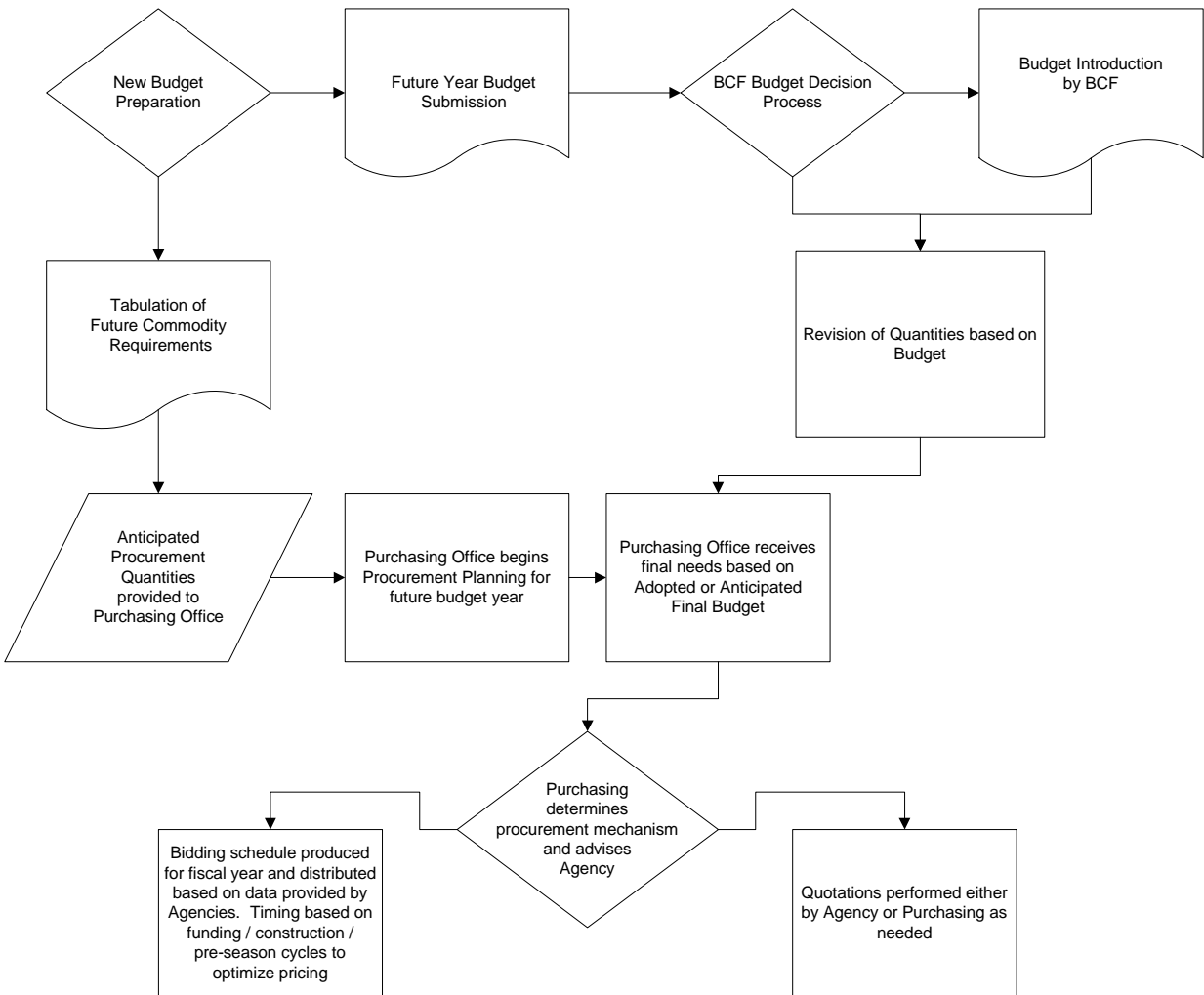
1. All Agencies anticipating the procurement of a particular item or commodity in excess of **\$15,000.00** will request determination from the Office of Purchasing, in January of each calendar year, as to if their requirements in conjunction with other County Agencies require the solicitation of public bids.
2. Annual bids for most commodities will be issued during the first quarter of the calendar year, agencies not providing accurate estimates in a timely manner may be unable to acquire the commodities they need due to bidding conflicts.

D. Confirming Purchase Requisitions/Orders

1. All Agencies are hereby notified and reminded that a budgetary encumbrance system is the law in New Jersey. Confirming purchase requisitions/orders violate this law.
2. A confirming purchase requisition/order is the receipt of goods or materials, placement of an order, or other purchase arrangement that obligates the County of Sussex to be responsible for and make payment of funds for items or services prior to the procedural and legal authorization for purchase by issuance of purchase order. This also applies to ALL expenditures from all sources of funds, i.e. current, library, grants, capital, or trust.
3. Effective immediately following the adoption of this Resolution and Policy, the County of Sussex will no longer permit, allow or accept the existence or use of confirming orders. The Agency Supervisor will be held accountable for the continuation of confirming purchase requisitions/orders.
4. Agencies continuing to utilize confirming purchase requisitions/orders will be formally notified of their violation of New Jersey Law. A copy of this law violation shall be placed in their official personnel jacket as a public document. Continued violations may result in disciplinary action.

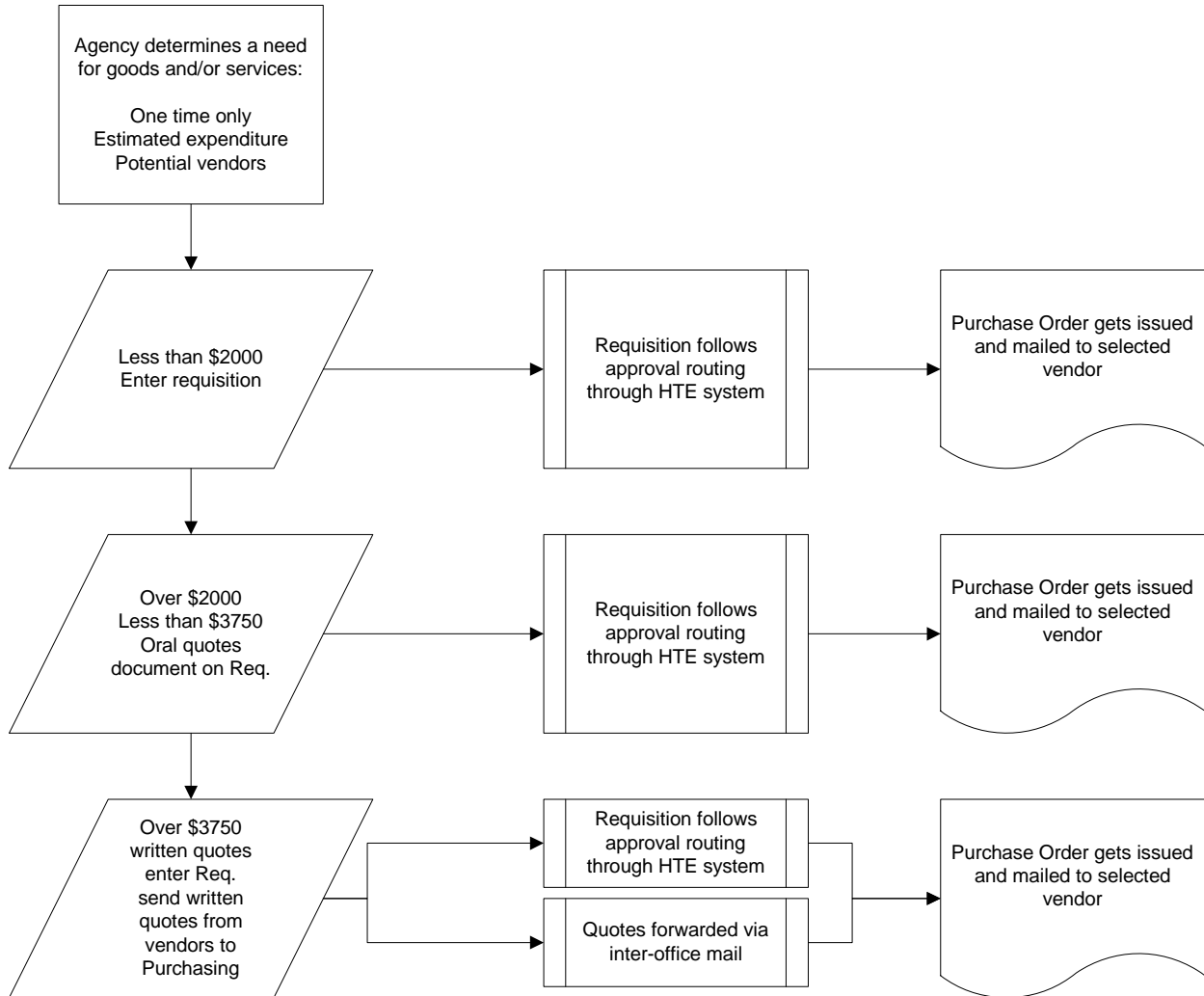
Budget Preparation and the Purchasing Cycle

Friday, February 14, 2003



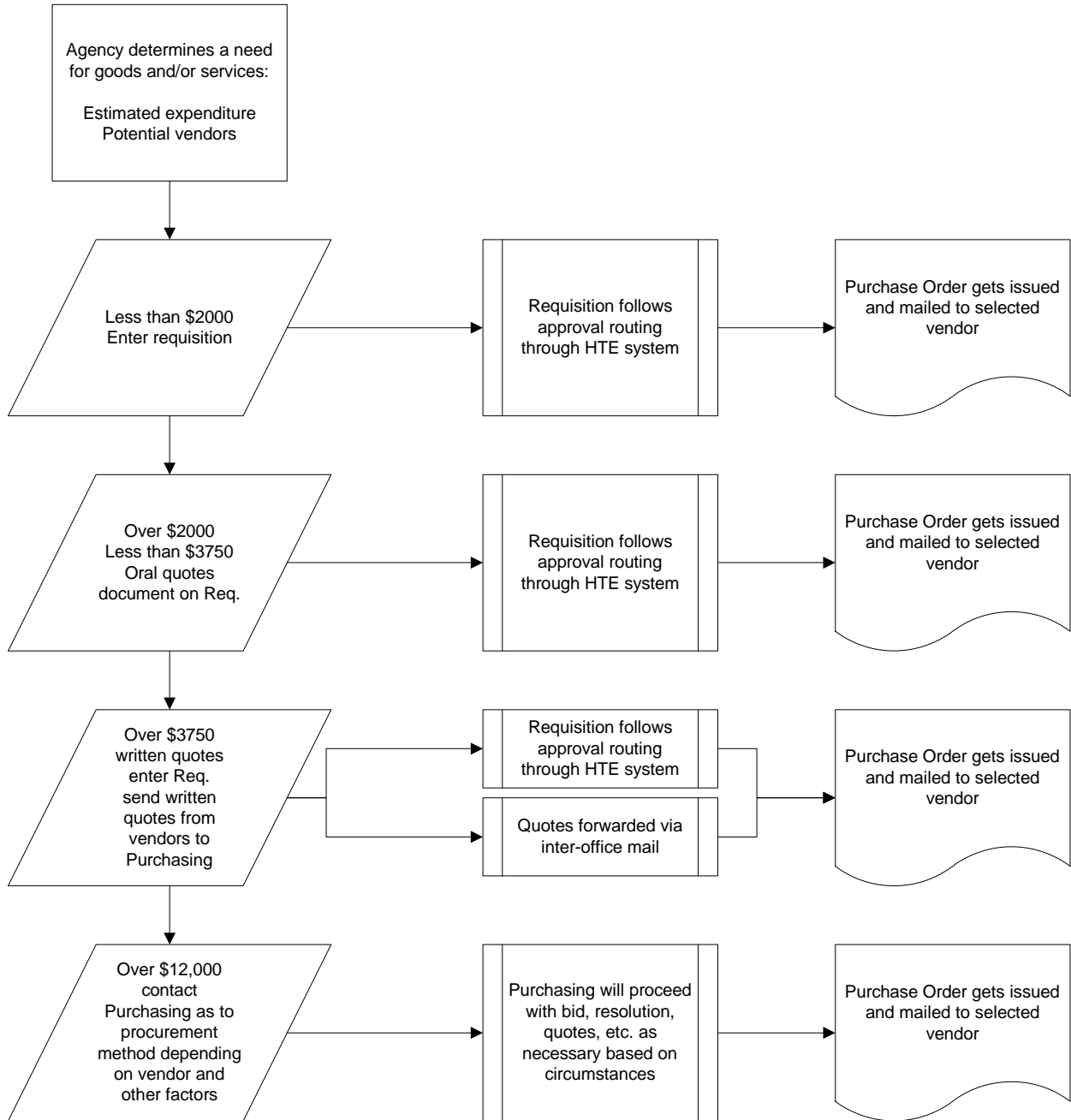
Single Purchase Quotations

Friday, February 14, 2003



Multiple Purchases Same Vendor

Friday, February 14, 2003



RESOLUTION RE: ESTABLISHING POLICY RELATIVE TO EMERGENCY PURCHASES OF GOODS AND SERVICES IN ACCORDANCE WITH N.J.S.A. 40A: 11-6 AND N.J.A.C. 5:34-6.1

WHEREAS, changes in the regulations relative to emergencies have resulted in a need to formalize and define the policies and procedures by which the County of Sussex addresses procurement during and around times of emergency; and

WHEREAS, the Laws and Administrative Code of the State of New Jersey allow latitude in how each governmental entity may deal with emergency situations, and it has been recommended by County Counsel and the Purchasing Agent that a formal policy be established in order to permit timely and appropriate response to emergencies; and

WHEREAS, N.J.S.A. 40A: 11-6d states *"the governing body of the contracting unit may prescribe additional rules and procedures to implement the requirements of this section"*; and

WHEREAS, N.J.A.C. 5:34-6.1(b)(copy attached) states *"the governing body of each unit shall adopt rules or regulations as appropriate to the contracting unit....such rules or regulations shall include such provisions that ensure that if the initially designated individuals are not available, there is a designated chain of command...."*

NOW, THEREFORE, BE IT RESOLVED, that upon recommendation of County Counsel and the Purchasing Agent the following policy is hereby established relative to the emergency procurement of goods and services:

1. The Agency in which the emergency occurs must notify the Purchasing Agent, or in his absence the County Administrator or the next person designated in charge in the Administrator=s absence as per the policy enacted on December 18, 2002 (copy attached). The Agency should advise the Purchasing Agent and give sufficient information for the Purchasing Agent to determine that an emergency does indeed exist within the meaning and intent of the Local Public Contracts Law and the New Jersey Administrative Code and that there are sufficient funds identified to carry out the work required in mitigating the emergency.
2. The requesting Agency must, on the first working day following the emergency forward a written requisition for the goods and services required and the nature and cause of the emergency to the Purchasing Agent.
3. When an emergency exists the Purchasing Agent shall:

- A. Immediately authorize the procurement of the goods and services and during the next regular working day prepare a Resolution acknowledging said procurement for Board action and notify the County Administrator, the Chief Financial Officer, and County Counsel; or
- B. Prepare a Resolution for Board action declaring the existence of an emergency and authorizing the Purchasing Agent to proceed with the procurement of the needed goods and services.
- C. Inform the County Administrator and the Chief Financial Officer of the nature and extent of the emergency and what actions have or will be taken.

The determination of whether Section 3A or 3B is followed will be solely based on the possible consequences to life and property resulting from the delay of waiting until the Board of Chosen Freeholders can convene on the emergency.

- 4. The County Administrator will inform the Freeholder Director of the emergency and what steps have, will or should be taken as soon as he deems it practicable.

BE IT FURTHER RESOLVED that the Board of Chosen Freeholders requires all Agencies to comply and follow this Policy; and

BE IT FURTHER RESOLVED, that this Policy shall be re-verified on January 1 of each year with distribution to all Agencies so that subsequent Boards and Agency Heads may be informed of the existence of this Policy; and

BE IT FURTHER RESOLVED, that a certified copy of this Resolution be forwarded to all County Agencies.

CERTIFIED AS A TRUE COPY OF A
RESOLUTION ADOPTED BY THE BOARD
ON THE 1ST DAY OF January, 2003.

ELAINE A. MORGAN
CLERK OF THE BOARD

SUBCHAPTER 6. EMERGENCY PURCHASES AND CONTRACTS

5:346.1 General requirements

- (a) The use of emergency purchasing pursuant to N.J.S.A. 40A:11-6 or 18A:18A-7 shall be subject to the following requirements:
1. An actual or imminent emergency must exist requiring the immediate delivery of the goods or the performance of the service;
 2. As soon as reasonably possible, but within three days of declaring the emergency, the chief school administrator of a board of education shall notify the superintendent of education for the county of the nature of the emergency and the estimated needs for goods and services necessary to respond to it;
 2. The emergency purchasing procedure may not be used unless the need for the goods or services could not have been reasonably foreseen or the need for such goods or services has arisen notwithstanding a good faith effort on the part of the contracting unit to plan for the purchase of any goods or services required by the contracting unit;
 3. The contract shall be of such limited duration as to meet only the immediate needs the emergency; and
 4. Under no circumstances shall the emergency purchasing procedure be used to enter into a multi-year contract.
- (b) The governing body of each contracting unit shall adopt rules or regulations as appropriate to the contracting unit to ensure that there is a procedure for determining and confirming the existence of an emergency and that the provisions for emergency purchasing pursuant to N.J.S.A. 40A:11-6 or 18A:18A-7 may be implemented. Such rules or regulations shall include such provisions that ensure that if initially designated individuals are not available, there is a designated chain of command to ensure that there are always appropriate individuals available to make such decisions.