

FINANCE COMMITTEE MEETING
THURSDAY, JUNE 3, 1993, 4:00 PM

The Finance Committee met on Thursday, June 3, 1993 in room 564 of the County Courthouse at 4:00 PM.

Present: Marshall Faircloth, Chairman
Billy King
John Nalepa, Finance Director
Rhonda R. Davis, Deputy Clerk

The meeting was called to order by Chairman Marshall Faircloth.

AGENDA ITEMS:

1. Review Statutory Purchasing Requirements.
2. Review Current Practices.
3. Discuss Other Purchasing Issues.
4. Other Committee Concerns.

John Nalepa, Finance Director, discussed items one through three. He advised that a lot of the purchasing practices are not governed by statute and some things are done by practice. Only the County Commissioners can make policy in this area. He would like to see the Commissioners set purchasing requirement policies and also make some actions official policy. Purchases of more than twenty thousand dollars are covered by statute. The purchases from five thousand to twenty thousand dollars are done by calling vendors and accepting the lowest bid. This decision is usually made by the department making the purchase. He feels they should have the specifics for these purchases in writing from the department and submit them to each vendor and then accept bids. There are departments that are currently soliciting their own quotes and making arrangements with vendors without going through the purchasing department. There are departments that also solicit proposals on their own knowing that the item will be under five thousand dollars and it ends up being more and that is a problem. According to statute, if a department's budget will support a purchase of less than five thousand dollars, that department can order any item up to that amount without soliciting bids. A majority of purchases are done this way. If there was a requirement to solicit bids for items less than five thousand dollars, the county could realize great savings.

Commissioner King asked Mr. Nalepa if the board put a policy in place, how could it be enforced?

Mr. Nalepa replied that would be an issue they would have to decide on. He stated that the county could save money if the process was tightened or if there was a policy on the books. He can handle a good deal of these problems with departments on his own, but there are some he can't.

Commissioner King asked Mr. Nalepa what he would like to see the Commissioners do at this point.

Mr. Nalepa - He would like to have a policy for the purchase of items from five to twenty thousand dollars, but there is a real need for a policy covering the purchase of items under five thousand dollars.

Mr. Nalepa discussed the information sheet he presented giving a background on purchasing practices and topics for discussion.

Mr. Nalepa - He would also like to see the county set up a central receiving center where items could be tagged when they are delivered. He also gave information on the stock room the county currently operates.

MOTION: Commissioner King offered a motion authorizing the Finance Director to draft a policy for the purchasing of items from five thousand to twenty thousand dollars and for items less than five thousand dollars and submit it to the Finance Committee for review.

SECOND: Commissioner Faircloth

VOTE: UNANIMOUS

Item 7. Should we solicit proposals for rental items, equipment, office space, bill boards, etc.

The committee members agreed that this should be done if it would save the county money.

Commissioner King advised that he was concerned and had some questions as to whether or not minority businesses are given the opportunity to bid on items purchased by the county. In fact, he feels all vendors should be given an opportunity to bid. He wants to be sure all vendors have the same opportunity to participate.

Mr. Nalepa - He deals with Andy McCall on all formal bids, but will check on this for other bids. The Finance Office has placed ads in the paper to advise vendors to notify the county if they would like to be included in the bidding processes.

There was discussion about purchases made in emergency situations. Mr. Nalepa informed the committee that emergency purchase orders are issued in these instances.

Item 6. Who approves service agreements in excess of \$5,000, \$10,000 & \$20,000?

The committee stated they felt the Department Head and County Manager could decide on service agreements from five to ten thousand dollars and anything

from ten to twenty thousand dollars should be approved by the Commissioners. Mr. Nalepa stated he would look at these purchases for one year and determine what we are spending.

Item 8. Should we continue to participate in the state purchasing contract system?

Mr. Nalepa recommended that the county continue to purchase through state contract on certain items. He explained the state purchasing contract agreement.

Item 9. Under what circumstances, if any, may all bids be rejected?

The committee advised Mr. Nalepa to incorporate into the policy he presents to them what he would like to see done in this area.

Item 10. For what purposes may open-ended purchase orders be utilized.

Mr. Nalepa explained what these are used for. He would like to have a policy for which open-ended purchase orders will be used. He will present a policy for this at the next meeting.

Item 11. Should we expand our efforts to deal with vendors in the county who do not participate in the county purchasing process at this time.

Mr. Nalepa assured the committee they are getting word out to vendors.

Item 12. Should we establish an amount of \$100 or less that department heads may purchase from designated vendors without a purchase order.

Mr. Nalepa was instructed to come up with a policy for this item to be presented at the next meeting.

Meeting adjourned at 4:58 PM.