RESOLUTION 78-07
AMENDMENT TO POLICY 912 – PURCHASING POLICY

WHEREAS, the Polk County Board of Supervisors approves all policies and;

WHEREAS, the nature of communications has changed, the provision under Policy 912, Section 4-101 D:3, advertising and;

WHEREAS, the Finance Committee has reviewed the policy with regard to the Polk County Board of Supervisor's request, and;

NOW THEREFORE BE IT RESOLVED that the Polk County Board of Supervisors accordingly amends Policy 912 – Purchasing Policy as attached hereto and incorporated herein.

Funding Amount: N/A **Funding Source**: N/A

Effective Date: October 16, 2007

Approved as to form: _____
Jeffrey Fuge, Corporation Counsel

Submitted at the request of the Finance Committee

Date Submitted to County Board 10/16/07

County Board Action Adopted.

SUBMITTED BY: _____ _____

_____ _____ _____

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Polk County Wisconsin

PURCHASING POLICY

Policy 912
Effective Date: 03-21-1995 **Revision Date: 02-18-2003**

912-1 GENERAL INFORMATION

912-1-101 -- Introduction & Purpose

This Purchasing Policy is intended to guide you in making County purchases.

It is important that you refer to this Purchasing Policy when conducting purchases in order to avoid purchasing delays. The information presented should help you understand the purchasing role and its relationship to your job.

This Purchasing Policy applies to all departments of the County.

912-1-102 -- Authority of the County Purchasing Division

The County Purchasing Policy provides for uniform purchasing procedures for the County and states that the provisions of the Purchasing Policy shall be administered by the County Finance Director or designee.

The nature of the purchasing authority is such that it must be accountable to the public through their elected representatives, the County Board and the County Finance Director. This accountability means that the Finance Director may have to question the department's requests to verify that the purchase will meet a legitimate need or when there is a question on the availability of funds. The Finance Director may also find it necessary to ask the using departments about the quality and quantity they have requested. These questions are not meant to harass the department or delay the purchase, but simply to assure that the purchase will be completed in a manner consistent with the requirements of the County Policy and to ensure that the department's needs will be accurately fulfilled.

The Finance Director may make substitutions, postpone or deny purchases if budgetary considerations or the County's interest so require. **These actions will not be taken without consulting with the department head.** Disputes between the department head and the Finance Director can be appealed to the County Finance Committee or designee.

912-2 DEPARTMENT RESPONSIBILITIES

912-2-101 -- Communicate the Department's "Needs."
The Department's needs must be communicated to the Department of Administration in order to begin the purchasing process. **This communication is best accomplished by completing an electronic purchase requisition.**

912-2-102 -- Understand the "Purchasing Cycle"
The purchase cycle is explained and illustrated in Section 4 and the Department of Administration's responsibilities are explained in Section 3 of this Purchasing Policy.

912-2-103 -- Conduct Purchases Under Delegated Responsibility
The Finance Director may delegate responsibility for purchasing to specific individuals in the Department of Administration, based on the dollar amount of the purchases, number of purchases, technical qualifications, past compliance with purchasing procedures and other factors. The delegation is generally stated in terms of a dollar amount, and may include best judgment and/or formal bid purchases. With the purchasing delegation, there is a responsibility to follow the written purchasing procedures. See Section 4.102 for a discussion of the Best Judgment and Informal Bid procedures. **Failure to follow purchasing procedures may result in the reduction or loss of delegation.**

912-2-104 -- Adequate Lead Time
Plan so the "rush" orders or "emergency" orders will be mostly unnecessary. Anything can be purchased quickly, but in almost all situations this practice is expensive. Adequate solicitation time is an essential element of good purchasing procedures.

The electronic requisition form must be completed far enough in advance of the date you need the goods or services so that vendors can be solicited and allowed sufficient time to contact their sources of supply for prices. The Finance Director or designee needs time to evaluate the responses to ensure they meet the specifications and to determine in concert with the department head if the vendors are qualified to do the work.

As noted in Section 912-2-103, you may conduct best judgment purchases and informal bids when delegated. Complete documentation of quotes must be included on the electronic requisition or a hard copy of the quotes must be forwarded to the Department of Administration with the appropriate requisition number indicated.

Project size, complexity, or other factors may extend lead times. In addition, you should add the time it will take for the vendor or contractor to perform. Planning ahead on your part is essential.

912-2-105 -- Complete Information
It is imperative that you supply complete and accurate information on the electronic requisition in order to ensure you receive what is intended and receive it when and where you need it. Include your required or estimated delivery dates. **(Provide actual dates. DO NOT INDICATE "ASAP" OR "RUSH".)** If there are special delivery requirements, please explain on the electronic requisition. Samples or photocopies of catalog reference pages if appropriate, or

reference to previous orders may be sent to the Finance Director or designee. Reference the requisition number when submitting supporting information.

912-2-106 -- Vendor Contacts

Vendor representatives should be directed to the Finance Director or designee for an overview of the County purchasing procedures. Department of Administration personnel with delegated purchasing responsibility may meet directly with vendors to obtain price quotes and product information. However, copies of all correspondence with vendors must be sent to the Finance Director. Copies of purchasing negotiations or agreements between vendors and County representatives must be filed with the Department of Administration and are prohibited unless the resulting transactions are within a department's delegated responsibility or the Finance Director authorizes the change in writing.

912-2-107 -- End of Year Purchases

With the exception of repair parts, road salt, sand, fuel, gas and oil for vehicles, foods, expendable maintenance or patient care supplies and drugs, purchases made during **the month of December over $2,000 will be reviewed by the Finance Director or his/her designee. Items purchased over $6,000 must be approved by the Finance Director or his/her designee.**

912-2-108 -- Prompt Payment - Receipt and Acceptance of Supplies, Service or Construction

State law allows vendors to charge interest for payments beyond 30 days of receipt of a proper invoice, unless stated otherwise in a Purchase Order or Contract. It is also important to process electronically the receipt of goods and services promptly in order to take advantage of early payment discounts.

If vendors are not performing as agreed, contact the Finance Director or designee immediately. Under the prompt payment law, invoice disputes must be submitted in writing to the appropriate vender within 10 days of receipt of the invoice.

912-2-109 -- Inspection and Performance

Promptly notify the Finance Director or designee if any discrepancies exist between what you requested and what you received. Clearly note that if the items were not received, damaged or defective on the electronic receipting. Also, notify the Finance Director or designee of unsatisfactory performance of a vendor. A vendor complaint form is included in the Purchasing Policy.

912-2-110 -- Ethics

It is unethical for employees to participate directly or indirectly in a purchase when there is a conflict of interest, such as the employee or a member of the employee's immediate family, who has a financial interest in the purchase or it's outcome. Even the appearance of a conflict should be avoided.

912-2-111 -- Justifications for Not Accepting Low Bid

Awards will be made to the lowest responsible bidder meeting all of the bid specifications, not only the purchase price. If the lowest bid is not the best buy for the County, a letter needs to be

prepared for the Finance Director, stating the reasons why the successful vendor met the specifications and why the low bidder did not meet the specifications. Written justification for not selecting the lowest bidder for informal bids is also required. If the department has delegation for informal bids, this documentation should be included in the electronic requisition or forwarded to the Finance Director with the appropriate requisition number indicated.

912-2-112 -- Other Delegated Duties

Employees may be asked to perform other purchasing related duties from time to time in order to facilitate the purchasing process.

912-2-113 -- Standard Contracts

Where the Finance Director has standardized the purchasing of a good or service and has issued standard purchase orders or contracts for these goods or services, such goods or services shall be purchased from these vendors. **Exceptions will be made only when the requisition clearly states why the standard item is not satisfactory. A letter documenting the reasons should be sent to the Finance Director.**

912-2-114 -- Purchase Approval for the Department of Administration

The purchases made by the Department of Administration will conform to the Polk County purchasing policy. The Finance Committee shall review and approve the necessary purchases of the Department of Administration.

912-3 DEPARTMENT OF ADMINISTRATION'S RESPONSIBILITIES

912-3-101 -- Finance Director

The Finance Director is the principle-purchasing official of the County. The primary responsibility of this position is to purchase only those supplies, services, equipment and construction needed to carry out the programs; functions and services required and budgeted by the County Board in accordance with the County Policies. Purchases are to be made in the most efficient and effective manner and at the lowest possible cost from a responsible vendor consistent with the quality and quantity needed.

Purchasing is comprised of all processes in acquiring services and property including requisitioning, purchasing, and receiving. The technical services of the Finance Director are available throughout the entire purchasing process to:

- Counsel on product and vendor availability;
- Assist in preparing specifications;
- Provide assistance and advice in areas of special procedures or requirements;
- Expedite orders and handle claims and adjustments;
- Dispose of surplus, obsolete and salvage material; and
- Conduct a review to ensure the accuracy of the receipt of goods and services.

The Finance Director will assume all responsibility for purchasing, including: vendor selection, bidding, awards and order writing when it will be in the best interest of Polk County.

912-3-102 -- Delegation

Authority to purchase certain supplies, services or construction items may be extended to other County officials or employees for the effective purchasing of those items. The delegation to purchase shall be in writing to that specific individual.

912-3-103—Contracting Authority

Only the County Board Chair and the Finance Director, per section 912-4-101 can legally bind the County to any total lease valued or contract valued at or above $12,000, unless the law requires the signature of the County Treasurer or the County Clerk in order to legally bind the County to a contract. **The Human Services Department, Board of Health, and Golden Age Manor are exempt from the provisions of this policy whenever contracting for client services.**

912-4 PURCHASING CYCLE AND BUYING LEVELS

The Purchasing Cycle begins when a need is recognized or perceived somewhere in the department. It ends with disposal of the product. This Chapter will outline the normal sequence for purchases and describe how the purchasing process changes based on the amount of the expenditure.

912-4-101 -- Purchasing Cycle

A. Orders under $2,000.

1. The department determines the need for products or services.

2. If the expected cost of the requisition is less than $2,000.00, **and the items are not offered on standard contracts**, the Department personnel may place the order directly with the vendor using best judgment as the basis for vendor selection. The use of purchase orders is optional for orders less than $2,000.00.

3. Delivery of goods and services by the vendor.

4. Acceptance of goods or services by the designated department.

5. Department completes a direct payment voucher (or a purchase order payment voucher if a purchase order has been issued) attaching the appropriate invoice.
6. After approval the department head or designee forwards the approved direct payment voucher to the Department of Administration staff for processing.

7. The vendor is paid for services. Purchasing cycle is complete until the item is ready for disposal. See D. below for disposal procedures.

B. Orders over $2,000 to $6,000.

1. The department determines the need for products or services and is instructed to obtain the necessary two (2) informal/verbal price quotes. For sole source purchases, prepare the necessary documentation on why the purchase should be considered sole source. Please see Section 5-103 for details.

2. An electronic requisition form is completed. The departments are required to document at least two (2) informal/verbal price quotes they received either on the electronic requisition form or by sending a written copy of the informal price quotes to the Finance Director. To assure prices quoted are comparable, be certain that the total price represents all costs, including delivery. If sending the written summary, please remember to indicate the appropriate requisition number. The use of the electronic requisition form and the issuance of a purchase order is required for all purchase of supplies and material in which the total order is expected to exceed $2,000.

3. The department is instructed to secure the informal bids, unless the Finance Director has provided in writing the waiving of this requirement.

4. The purchase is placed with the successful vendor by issuance of a purchase order.

5. Delivery of goods and/or services by the vendor.

6. Acceptance of goods or services by the designated department.

7. Department of Administration completes the electronic receipting of the goods and services.

8. The accounts payable staff receives the invoice, verifies the information and pays the vendor for the services or goods.

9. The purchasing cycle is complete when the item is ready for disposal. See D. below for disposal procedures.

C. Orders from $6,000 - $12,000.

1. The department determines the need for products or services and is required to obtain the necessary three (3) formal written bids or proposals. For sole source purchases, prepare the necessary documentation on why the purchase should be considered sole source. Please see Section 5-103 for details.

2. An electronic requisition form is completed. The departments are required to document at least three (3) formal written bids or proposals they received on the electronic requisition form and send the written bids or proposals to the Finance Director. Fax bids or proposals are acceptable. To assure prices quoted are comparable, be certain that the total price represents all costs, including delivery. When sending the written bids or proposals, please remember to indicate the appropriate requisition number. The use of the electronic requisition form and the issuance of a purchase order is required for all purchase of supplies and material in which the total order is expected to exceed $6000.

3. The department is required to secure formal/written bids or proposals, unless the Finance Director has provided in writing the waiving of this requirement.

4. The purchase is placed with the successful vendor by issuance of a purchase order.

5. Delivery of goods and services by the vendor.

6. Acceptance of goods or services by the designated department.

7. Department of Administration completes the electronic receipting of the goods and services.

8. The accounts payable staff receives the invoice, verifies the information and pays the vendor for the services or goods.

9. The purchasing cycle is complete when the item is ready for disposal. See D. below for disposal procedures.

10. <u>In addition to step 1-9 above, orders over $10,000 shall be advertised.</u>

D. Orders over $12,000

1. All items/services in excess of $12,000 are to be procured through a publicly advertised bidding process.

2. The reporting committee must give the authority for the advertisement of bids and the department must furnish the reporting committee and

Department of Administration with complete and detailed specifications on the item to be purchased.

3. All public bids must be advertised **on the County Website**.

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4. A written request for proposals (RFP, see section 912-5-102) must be developed and made available to all vendors.

5. All bids received must be sealed bids and be received prior to the determined date of opening.

6. All bids received will be publicly opened

7. The reporting/governing committee has the right to accept and reject any and all bids

8. Items in excess of **$25,000** leased, purchased, or contracted through this process must be submitted to the Finance Committee for their review

E. Disposal of Excess Supplies or Obsolete Equipment.

Supplies or equipment no longer serving a useful purpose are to be reported to the Director of Buildings. The Director of Buildings will dispose of the supplies or equipment by transferring the material to a department which may need similar supplies or equipment, by competitive sealed bidding, by public auction, or in such a manner considered to be in the best interest of the County. **County owned supplies or equipment would not be sold to County employees except by public auction or competitive bidding.**

912-4-102 -- Understanding the Buying Levels

Whenever possible, some sort of competitive process should occur when obtaining goods or services. However, various buying levels have been established so that the administrative costs of obtaining an item do not exceed the value of the item itself. After the department determines the need for products or services, the steps to purchase the item vary as follows.

Purchases under $2,000 - Best Judgment.

When the total estimated cost of an order is less than $2,000, departments may award to the vendor judged best able to supply the requested goods or services. In choosing a vendor, consider the following factors: Location of delivery point, quality of articles to be supplied, price of articles, conformity with the specifications, purpose for which the articles are required and the date of delivery.

Purchases over $2,000 to $6,000 - Informal Bids

Although titled "Informal" this is still a competitive procedure. It involves the comparison of bid quotations from at least two (2) or more vendors whenever possible by using:

Current price lists or catalogs.

- Recent price quotations on file (within the calendar year).
- Phone or verbal quotations solicited from vendors.
- Written informal price quotations or bids (including fax quotes).

All departments will obtain and document the quotes. Documentation for verbal and phone quotes must include the vendor's name, the salesperson providing the quote, the quoted price, the date of the quote, and the telephone number. To assure prices quoted are comparable, be certain that the total price represents all costs, including delivery.

Purchases over $6,000 to $12,000
At least three (3) written bids or proposals are required for purchases in this category unless a sole source purchase is justified. For sole source purchases, prepare the necessary documentation on why the purchase should be considered sole source. Please see Section 5-103 for details. The three (3) written bids or proposal may include fax quotations. The department will obtain the written bids or proposals. To assure bids or proposals are comparable, be certain that the total price represents all the costs associated with the purchase, including delivery.

Purchases over $12,000

All items/services in excess of $12,000 are to be procured through a publicly advertised bidding process. The reporting committee must give authority for the advertisement of bids and the department must furnish the reporting committee and the Department of Administration with complete and detailed specifications.

912-5 TYPES OF PURCHASES

912-5-101 -- Bids
Bidding is the preferred method of purchasing. With the exception of the purchases in the Best Judgment dollar category (less than $2,000), justification must be provided when this process is not used. (However, departments are encouraged to obtain quotes in that category as well if time permits.) Effective bids require the development of clear specifications that will result in the quality level appropriate for the purchase.

Awards will be made to the lowest responsible bidder. "Responsible" means the vendor who meets the specifications and is a qualified vendor.

912-5-102 -- Requests for Proposals
This method of purchasing is appropriate when the specifications or scope of the services cannot be adequately prepared to provide all prospective contractors with a complete and accurate description of the work to be performed. Generally, you are looking for the vendor to solve a problem for you. Professional services often fall into this category. The basis for selection includes other performance factors along with price. Examples of performance include work experience on projects of a similar size, expertise of the staff, and technical solution to the problem. Cost is always a factor to be considered. RFPs may be evaluated by a team of knowledgeable personnel.

912-5-103 -- Sole Source Purchases

Occasionally, there is only one source for a good or service. Although commonly referred to as "sole source" purchases, they should be thought of as "noncompetitive negotiations." In such instances, you should make every effort to assure that you have obtained the best possible price. Complete the electronic requisition form and send the letter stating the reasons for the sole source purchase to the Finance Director.

One or more of the following circumstances, with adequate justifications, may serve as the basis for using noncompetitive negotiation:

- The service or good is unique or of a proprietary nature and available from only one source. This should be an infrequent circumstance.
- Grant moneys are involved that require subcontracts and specify the contractor.
- A public emergency exists where the urgency for the required service will not permit competitive solicitation.
- Substantial time pressure exists beyond the department's control. (This does not include administrative delays or confusion in processing the necessary paperwork for approval.)

912-5-104 -- Emergency Purchases

An emergency is a situation, which threatens the **public health, safety, or welfare** and **all** of the following conditions exist: the circumstance was unforeseen; calls for immediate action; and cannot be responded to using established purchasing methods.

When such situations occur and the purchase will exceed your delegated amount, inform the Finance Director of the emergency, and then secure the goods or services without regard to normal purchase selection procedures. Try to obtain at least two (2) competitive prices, if it will not hamper or delay activities necessary to eliminate the emergency. A formal written determination declaring that an emergency exists or existed must be made by the department head and submitted to the Finance Director within 24 hours. Enter the purchase on the electronic requisition form and purchase order. If the emergency occurs after regular working hours, purchase what is necessary and notify the Finance Director on the next working day.

For emergencies within your delegated responsibility, prepare a letter of the circumstances detailing why it meets the definition of an emergency and document any competitive process that was used. Send a copy of this letter to the Finance Director.

912-5-105 -- Cooperative Purchases

Any purchase made off the State of Wisconsin cooperative purchase contracts, or made through other purchasing associations, constitute compliance with the competitive bidding requirements. No additional bidding is required since the contracts established by these entities have already gone through the competitive bidding process.

In addition, if the identical product can be obtained at a lower price, you may order from that vendor without additional bidding as long as the cooperative purchasing contract you are using for the price comparison is a current contract.

912-5-106 – Professional Services

Professional services are necessary to the County when there is a need for a vendor to solve a problem for you. The method of purchasing those services is appropriate when it is difficult to provide all prospective contractors/vendors with a complete and accurate description of the work to be performed. Examples, of those services are auditing, legal, engineering, architecture, landscaping, information technology, etc. The basis for selection includes other performance factors along with price. Examples of performance include work experience on projects of similar size, expertise of staff, and the technical ability for their firm to resolve the problem. RFP's will be written by the department to solicit the necessary firms. The RFP's may be evaluated by a team of knowledgeable personnel.

All requests for legal services must be submitted to the corporation counsel. If the corporation counsel cannot provide the requested legal services, he/she will implement a procedure for obtaining legal services from private attorneys.

912-6 GENERAL POLICIES

912-6-101 -- Priority

In fairness to all departments, all purchases other than emergency purchases are processed in the order of receipt. A poorly prepared or incomplete requisition will delay the processing of your request. Emergency requisitions will be handled expeditiously.

912-6-102 -- Standard Contracts

Where the Finance Director has standardized the purchasing of goods and/or services and has issued standard purchase orders or contracts for these goods or services, such goods or services shall be purchased from these vendors. Exceptions will be made only when the requisition clearly states why the standard item is not satisfactory. A letter documenting the reasons should be sent to the Finance Director.

When a vendor is asked to perform work on an "as directed" basis all material, equipment, labor, fringe benefit and other incidental costs from each invoice shall be properly itemized and properly documented.

If labor is involved the time sheets shall be presented to the department head on a weekly basis for approval by the contracting department head.

912-6-103 -- Information During the Bid Process

Department personnel are not to disclose information concerning bids or purchases. All requests for such information should be referred to the Finance Director. **No award of any formal**

sealed bid results shall be made without prior approval of the Finance Director. In the case of the Highway Department see 912-6-107 below.

912-6-104 -- Personal Purchases
The Finance Director and designees are prohibited from acting on their own or on behalf of County employees in purchases that personally benefit an employee.

912-6-105 -- Unauthorized Purchases
Purchases that do not follow appropriate policies and procedures shall be void, and the individual responsible may be held personally liable for the cost. All purchases, regardless of the source of funds and unless otherwise stated, must be processed in accordance with the procedures set forth in this Purchasing Policy.

912-6-106 -- Purchases from County Employees and Public Officials
Any single public official or County employee may enter into contracts with Polk County in which they have a private interest in and that it does not exceed an aggregated amount of $15,000 per year. (Wisconsin State Statute 946.13) It will also be County policy that purchases will not be made from County employees or Public Officials without full disclosure.

912-6-107 -- Awards
The Finance Director is responsible for bid awards based on consideration of the quality, suitability, price, delivery and prior performance of the vendors.

Awards will generally be made to the lowest responsible vendor that meets the bid specifications. **No award notice shall be transmitted to a vendor without prior approval of the Finance Director.** In the case of Requests for Proposals, the award will be made to the responsible vendor scoring the highest number of evaluation points based on the criteria set forth in the RFP document. In the case of the Highway Department the Commissioner must consult with the Finance Director before an item or service is submitted for the formal bidding process. The Highway Committee can award a contract to the lowest responsible bidder after the bids are opened.

912-6-108 -- Facsimile Bids
Fax bids will be accepted whenever practical within the guidelines established in the original request for bids.

912-7 PUBLIC WORKS CONSTRUCTION PURCHASES

912-7-101 -- Definition of Public Works Projects

Public Works projects are defined as any repairs, remodeling, construction or changes to any County owned land or building or county and /or state roads. Public works projects also include capital purchases and construction projects in the highway department. Public Works projects may also be the purchase of the materials used for the repairs, remodeling, construction or changes to any County owned land or building or County and/or state roads.

912-7-102 -- Public Works Construction Purchases

In accordance with Wisconsin Statutes 66.29 and 59.52, public works construction projects over $20,000 must be competitively bid and must be awarded to the lowest responsible, responsive vendor without regard to the vendor's location. Wisconsin Statutes 59.52 requires a Class 1 notice under Chapter 985 if the estimated cost of the public project is between $5,000 and $20,000. The Statute also outlines the procedure for public works construction projects during an emergency. Contact the County Finance Director for specific instructions for public works projects.

912-7-103 -- County Board Review

All public works projects of $20,000 and over require the Approval of the County Board of Supervisors. All highway department construction projects and equipment purchases of $150,000 and over require the approval of the County Board of Supervisors.

912-7-104 -- Assessment of Vendor Qualifications

Bid specifications may be sent to any vendor, and bids will be accepted from any vendor submitting a bid. Vendor qualification will be assessed before the award is made.

912-8 GLOSSARY

Where a term has been defined in the guidelines, a reference is made rather than re-defining the term here.

Architect-Engineer and Land Surveying Services. Those professional services within the scope of the practice of architecture, professional engineering, or land surveying, as defined by the laws of the State.

Best Judgment Purchases. See 912-4, Section 102.

Bids. See 912-5, 101., also Chapter 62.15, WI Statutes on advertisement of bids.

Bill. While this term is used interchangeable with "invoice," bill properly applies to the charges of common carriers such as freight bill or air bill. Federal law requires payment of these bills within seven days after dating. See also: Bill of Lading.

Bill of Lading (B/L). A written receipt for goods accepted for transportation, given by the carrier to the shipper. All B/Ls must be forwarded to the Accounts Payable staff, as they establish ownership and responsibility.

Blanket Order. A blanket order is used to establish an account with a vendor and encumber funds that will be used to purchase miscellaneous materials and services. If the blanket order is not the result of a bid, each release against the order may not exceed $1,000.

Brand Name or Equal Specification. A specification limited to one or more items by manufacturers' names or catalogue numbers to describe the standard of quality, performance and other salient characteristics needed to meet County requirements, and which provides for the submission of equivalent products.

Brand Name Specification. A specification limited to one or more items by manufacturers' names or catalogue numbers.

Business. Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.

Cancellation. The mutual agreement between the County and the vendor to terminate a contract (purchase order). Cancellation can be made only by the Finance Director or designee and may be subject to such penalties as restocking charges at the option of the vendor. Orders may be canceled by the County for failure of performance on the part of the vendor, in which case the County would pay no penalties.

Capital Equipment. An item having a cost of $500 or more and a useful life of one or more years.

Cash-with-Order. Certain vendors require remittance with order, i.e., the Superintendent of Documents, Government Printing Office. A check from County funds is issued to accompany the order. Cash with order is tendered only to a restricted number of reliable vendors. Cash with order may not be mailed to a post office box address. Proof of price is required except where the vendor is a County department, the State or federal government.

Change Order. The method of modifying a contract (purchase order) after it has been written. Change order, by way of another purchase order, may be made only by the Department Head and the Finance Director. Changes made by others are invalid and any charges resulting from them will be a matter of personal liability.

Commodity Code. A number assigned to each different commodity for the purpose of computerized analysis of like items purchased by the County. The Finance Director is responsible for the development of codes and entry on the purchasing system if not known by the department.

Confidential Information. Any information which is available to an employee only because of the employee's status as an employee of the County and is not a matter of public knowledge or available to the public on request.

Construction. See 912-7.

Contract. The written evidence of an agreement between two parties (e.g., the County and a vendor) to perform some act or service. A contract may cover a specific transaction (as a purchase order is a contract) or a series of transactions (such as a County standard contract). A contract is legally enforceable on both parties.

Contract Modifications. Any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.

Contractor. Any person having a contract with the County.

Contractual Services. A written agreement for the furnishing of service in which charges, effective periods, and extent of work are defined.

Cooperative Purchases. See 912-5, Section 105.

Cost-Reimbursement Contract. A contract under which a contractor is reimbursed for costs which are allowable and allocable in accordance with the contract terms and provisions of county policy, and a fee or profit, if any.

Credit Memo. A document issued by a vendor offsetting a previous charge and issued as a result of the return of goods, adjustment of claims, etc. Where possible, the credit is matched with the original invoice in the payment process.

Designee. A duly authorized representative of a person holding a superior position.

Discount. Is a deduction from the total of an invoice. A "trade discount" is a deduction from the list price extended by the vendor for quantity purchases or as a concession on a bid. Trade discounts are not affected by time of payment. "Cash discounts" are percentage deductions on invoices for payment within a specified time. Cash discounts may be taken only if the payment is made within the specified time, and for this reason cash discount invoices must be processed without delay.

Emergency Purchases. See 912-5, Section 104.

Expediting. Accelerating a purchase order delivery by contacting the vendor.

FEIN #. Federal Employer Identification Number. This is not our tax exemption number.

F.O.B. Destination. The FOB (free on board) destination calls for delivery to the building with responsibility for the goods in transit on the vendor.

F.O.B. Shipping Point. The FOB (free on board) shipping point places responsibility for the goods in transit on the County.

Guarantee. An agreement by which the vendor certifies he will uphold performance of his product, and will repair or replace an unsatisfactory item during a specific period. Performance bonds are sometimes required on service contracts to assure performance. A warranty is not a guarantee. A vendor warrants only that certain facts or conditions are true. For example, a vendor may warrant that he is using all new raw materials in his product; this does not guarantee performance.

Highway Department. Highway Department projects are defined as any repairs, remodeling, construction or changes to any highway department owned land, buildings or roads. Highway department also includes the purchase of equipment, professional services, the purchase of materials used for the repair, remodeling, construction of any Highway department land, buildings, or roads.

Informal Bids. See 912-4, Section 102.

Inquiry. An invitation to bid; a request for quotations; an offer to buy.

Invoice. A document that itemizes charges for materials or services furnished upon which payment is due.
The term "Bill" is frequently used in place of "invoice" and while not incorrect, this leads to confusion with other terms. Delivery tickets should not be confused with an Invoice. A partial invoice implies only a part of an order has been invoiced and that more charges will follow.

Lead Time. The time from completion of the electronic requisition to issuance of a purchase order.

Lease. A written contract with express terms, for use without ownership of certain equipment, personal property or miscellaneous capital. The "lessor" is the vendor; the "lessee" generally the County.

Maintenance Contract. A contract between the County and a vendor covering the maintenance and repair of equipment. For a fixed sum, the vendor guarantees to keep the equipment operable during the contract period. This contract may include service only and not cover parts.

Packing Slip. A memorandum enclosed with the shipment showing the items shipped. See Shipping List.

Partial Payment. Payment for a partial shipment or partial performance of a contract. Invoices for partial payment must not be held for the final shipment.

Personal Property. Property other than land and buildings. The distinguishing feature is said to be its mobility.

Procurement. The entire span of acquisition from determines of need through final disposition; purchasing is one segment of this cycle.

Public Works. Public works projects are defined as any repairs, remodeling, construction or changes to any County owned land or building. Public works also includes the purchase of the materials used for the repair, remodeling, construction or changes to any County owned land or building. Public works are further explained in Wisconsin State Statute 66.29.

Purchase Order. An offer to buy. When the vendor acts on the order, an offer and acceptance has occurred. Thus a valid contractual situation exists.

Quotation. Vendor reply to inquiry, giving terms and conditions of sale. An offer to sell.

Real Property. Land and those things associated with the land, such as buildings.

Responsible Bidder. A person who has the capability in all respects to perform fully the contract requirements, and the experience integrity, reliability, capacity, facilities, equipment, and credit which will assure a good faith performance.

Responsive Bidder. A person who has submitted a bid, which conforms in all material respects to the requirements, set forth in the invitation for bids.

Request for Proposals. See 912-5-102.

Requisition. The requisition is the initial form to begin the purchase of goods or services, electronically entered into the purchasing system. After electronic approval, a purchase order is electronically generated.

Sealed Bid. See 912-4-102.

Serial Ordering. A series of orders for the same like item done to circumvent normal bid procedures. This practice is not allowed and may result in restrictions or loss of delegated responsibilities.

Shipping List. A memorandum listing all items shipped at one time on a given order. In case of claim against the shipper or carrier, this document is an important exhibit and should be forwarded to the Accounts Payable staff immediately. See: Packing Slip.

Source. The source or vendor may be a retailer, distributor, wholesaler, or prime manufacturer. Sound purchasing procedures call for purchasing from the manufacturer or closest source to the manufacturer available. The Finance Director may have better contacts with these sources than the department.

Specifications. Any description of the physical or functional characteristics or of the nature of a supply, service, or construction item. It may include a description of any requirement for inspecting, testing or preparing a supply, service or construction item for delivery.

Standards. Commodities in common usage, which have been established or accepted as the items of choice to the exclusion of like items.

Statement. A summary of outstanding charges, not to be confused with an invoice. Payments may not be made from statements, except credit card statements with receipts attached.

Tax Exemption. Polk County is state sales tax exempt under Wisconsin Statute 77.54 (9a) (b). Therefore, no exemption certificate is issued or required.