



**COUNTY OF WAUPACA  
FINANCE & CENTRAL SERVICES OFFICE**

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To: Finance Committee

Waupaca County Finance Department is currently working on updating the Chapter 16 – Purchasing Ordinance in accordance with Uniform Grant Guidance, Wisconsin State Statute and recommended practices of the County Board. After reviewing the current ordinance that was last updated on December 21, 1999, the current purchasing process has become much more decentralized than what the ordinance has authorized.

Although the County Board pursuant to Wis. State Statute §59.52(9) may appoint a person or committee as a county purchasing agent, current ordinance does not directly appoint a purchasing agent, however the duties and responsibilities of the Finance Director appear to be that of the purchasing agent. The current ordinance does state the following duties and responsibilities as follows:

<b>DUTIES AND RESPONSIBILITIES OF THE</b>		
<b>Finance &amp; Human Resources Committee</b>	<b>Finance Director</b>	<b>Department Head</b>
<p>The Finance and Human Resources Committee of the Waupaca County Board shall have those responsibilities and exercise those duties imposed by the rules of the board, and shall additionally, exercise the following functions and duties relating to this ordinance.</p> <ul style="list-style-type: none"> <li>• Advise and consult with the Finance Director on all matters relating to purchases.</li> <li>• With guidance of the Finance Director, implement provisions of this Ordinance.</li> </ul>	<p>To function as a contracting officer for the county and shall be subject to the provisions of this ordinance and applicable provision of state law:</p> <ul style="list-style-type: none"> <li>• All Waupaca County department heads shall coordinate all purchases of supplies, materials and equipment through the Finance Director.</li> <li>• Purchase all supplies, materials, and equipment required by Waupaca County departments.</li> <li>• Maintain a surplus of inventory in the central store</li> <li>• Transfer, when possible, and with coordination of the department head between departments which can be used by the receiving department.</li> </ul>	<ul style="list-style-type: none"> <li>• Insure that purchase requisitions are forwarded to the Finance Director.</li> <li>• Obtain approval by the appropriate governing committees for all purchases as required by state and local statutes and ordinances.</li> <li>• To verify that all purchases within the department comply with the purchasing ordinance and they meet the needs of the department.</li> <li>• Insure that sufficient funds exist to cover all purchase requests.</li> <li>• Inform the Finance Director of an Invitation to Bid, Request for Quotation, or a Request for Proposal developed internally by the department.</li> </ul>

	<ul style="list-style-type: none"> <li>• Exchange, trade, sell or properly dispose, with the coordination of the department head.</li> <li>• Shall have direct supervision, management and control of the purchasing system.</li> <li>• Assist in developing specifications for bids or proposals based on information provided by the department.</li> <li>• Furnish all bids, quotations, or proposals to said committee or department for their final vendor/product selection.</li> <li>• Recommend to the Finance &amp; Human Resource Committee procedural regulations (purchasing manual) which, if adopted by the committee shall be circulated to all county departments.</li> </ul>	
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In effort to maintain a purchasing system that promotes efficiency and standardization of purchasing methods for county departments, the County needs to determine if they want to maintain current practice of a decentralized purchasing system, or follow current ordinance with a more centralized approach. In evaluating the system, and performing a risk assessment on both approaches, the following has been determined:

<b>Decentralized</b>	<b>Centralized</b>
<ul style="list-style-type: none"> <li>• Department heads responsible for purchasing policies and procedures in each department.</li> </ul>	<ul style="list-style-type: none"> <li>• Finance developed county-wide purchasing policies and procedures to promote uniformity and transparent system to current and potential vendors.</li> </ul>
<ul style="list-style-type: none"> <li>• Department heads required to maintain procurement records of verbal and written quotes, sealed bid and proposal documents.</li> </ul>	<ul style="list-style-type: none"> <li>• Finance maintains centralized procurement record for all county purchases.</li> </ul>
<ul style="list-style-type: none"> <li>• Public notices for invitations to bid are posted on the department’s website or Bids/Proposal Section of website, currently not uniform or maintained accurately.</li> </ul>	<ul style="list-style-type: none"> <li>• Public notices are placed on the Waupaca County’s website in one location and maintained by the Finance Department.</li> </ul>
<ul style="list-style-type: none"> <li>• Multiple RFQ / RFB / RFP processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Uniform RFQ / RFB / RFP System.</li> </ul>
<ul style="list-style-type: none"> <li>• Finance Department needs to develop strong internal control policies and procedures for the requirement of notification of asset purchases and disposal to ensure proper accounting records and insurance coverage on all county property.</li> </ul>	<ul style="list-style-type: none"> <li>• Finance involvement through the entire purchasing process ensures accounting records are accurate and all property of the county is properly insured at the time of purchase and disposed as directed by ordinance.</li> </ul>

In addition to determining the procurement process, the County must adopt an ordinance and supporting policies and procedures that adhere to the Procurement Standards of Uniform Grant Guidance. The County is at risk of losing federal funding, if current policies and procedures do not meet the general procurement standards of uniform grant guidance.

<b>UNIFORM GRANT GUIDANCE</b>	<b>CHAPTER 16</b>
<p><b>Micro-purchases</b></p> <ul style="list-style-type: none"> <li>• \$10,000 or under</li> <li>• No quotations, must be reasonable</li> <li>• Equitable distributions when possible</li> </ul>	<p><b>Purchases up to \$1,000</b></p> <ul style="list-style-type: none"> <li>• No comparison pricing required</li> <li>• Vendor service, quality, and prices shall be reviewed periodically</li> <li>• A record shall be maintained on the requisition</li> </ul>
<p><b>Small Purchases</b></p> <ul style="list-style-type: none"> <li>• Over \$10,000, under \$250,000</li> <li>• Rate quotations from at least two sources</li> <li>• No cost or price analysis</li> </ul>	<p><b>Purchases of \$1,000 to \$5,000</b></p> <ul style="list-style-type: none"> <li>• Requires (3) vendor contacts by phone documented on the requisition or other attachment.</li> </ul> <p><b>Purchases of \$5,000 to \$25,000</b></p> <ul style="list-style-type: none"> <li>• Requires a written request for quotation form from at three (3) vendors.</li> <li>• A complete file shall be maintained for all quotations received for each requirement.</li> <li>• All things being equal, (including preference) contracts for purchases shall be awarded to the lowest, and most qualified bidder.</li> </ul>
<p><b>Sealed Bids</b></p> <ul style="list-style-type: none"> <li>• Over \$250,000</li> <li>• Usually for Construction Projects</li> <li>• Price is the major factor (awarded to lowest bidder)</li> </ul>	<p><b>Purchases over \$20,000 in value.</b></p> <ul style="list-style-type: none"> <li>• Contracts shall be awarded by competitive bidding process.</li> <li>• An agreement with Waupaca County is not valid or binding upon Waupaca County until signed by the Waupaca County Board of Supervisors Chairperson and/or Vice Chairperson and/or County Clerk/Administrative Coordinator.</li> <li>• Contracts for procurement may be bid out for duration not in excess of three years, and extended an additional two years. No contract shall exceed a total of five years.</li> </ul>
<p><b>Competitive Proposal</b></p> <ul style="list-style-type: none"> <li>• Over \$250,000</li> <li>• RFP with evaluation methods</li> <li>• Bids from adequate # of sources</li> <li>• Contracts are awarded to firm whose proposal is most advantageous to the program, with price and other factors considered.</li> </ul>	
<p><b>Sole Source (noncompetitive)</b></p> <ul style="list-style-type: none"> <li>• Item is available only from one source</li> <li>• Public emergency</li> <li>• Written approval by agency or pass-through entity</li> <li>• Competition inadequate after soliciting proposals</li> <li>• Justification needs to be documented.</li> </ul>	<p><b>Emergency Purchases</b></p> <ul style="list-style-type: none"> <li>• Current and imminent conditions adversely affecting the health, safety, or welfare of any person or substantial damage to property.</li> </ul>

In addition to the above Uniform Grant Guidance requirements, Wisconsin State Statute §59.52(29) states that *“All public work, including any contract for the construction, repair, remodeling or improvement of any public work, building, or furnishing of supplies or material of any kind where the estimated cost of such work will exceed \$25,000 shall be let by contract to the lowest responsible bidder. Any public work, the estimated cost is between \$5,000 and \$25,000, the board shall give a class 1 notice under ch. 985 before it contracts for the work or shall contract with a person qualified as a bidder under s. 66.090.”*

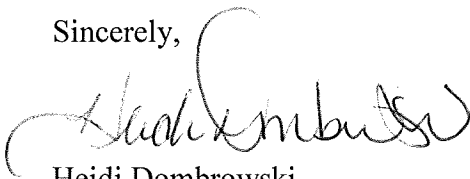
To maintain a purchasing ordinance with multiple threshold based upon funding source or type of purchase may be difficult to administer. However, the County does need to determine thresholds based on Uniform Grant Guidance types of procurement. If the thresholds are more stringent, the County would not need to maintain separate procurement thresholds to meet the requirements of uniform grant guidance.

I am requesting guidance from the Finance Committee in determining the following:

- ✓ Does Waupaca County want to continue current practice of a decentralized purchasing system?
- ✓ Does Waupaca County want to appoint a purchasing agent(s) for the County? By appointing a purchasing agent, whether it be Finance Director, individual department heads or a committee, policies and procedures could clearly identify the responsibilities of the “Purchasing Agent(s)” vs. their role as department head, Finance Director, or Committee.
- ✓ What thresholds does the County want to set for the five procurement standards as defined in Uniform Grant Guidance? If greater than \$25,000 for Competitive Sealed Bid, a separate method as it pertains to Public Work as described in Wis. State Stats. §59.52(29) must be identified.
- ✓ Chapter 2 of County Ordinance states that all purchases over \$25,000 must be signed by both the County Board Chairperson and County Clerk. In addition, any agreement not signed by the County Board Chairperson are not valid or binding by the County. The Purchasing Ordinance guidelines will follow the Chapter 2 Ordinance as it pertains to signature requirements on contracts.

Please feel free to contact me if you have any questions or would like further clarification prior to the Finance Committee meeting on Wednesday, January 9.

Sincerely,



Heidi Dombrowski  
Finance Director