

Division of Accounting – Policies and Procedures Manual Standard Policies and Procedures	
Policy Number – AUB-05-04	Revision Number: 5
Subject: Purchasing	Effective Date: 07-01-2019
	Superintendent Approval:
	General Manager Approval:

Purchasing for Athens Utilities Board (AUB) shall be centralized under the supervision of the Superintendent of Accounting. A purchasing manager shall be employed whose responsibility includes purchasing materials and supplies for all divisions. The purchasing manager’s responsibilities shall also include maintenance of building and grounds at the utility’s main office and stocks of office supplies.

1.0 Competitive Bidding

All major purchases (\$25,000.00 or more) for each division shall be performed by the purchasing manager by using a competitive bidding process. Divisional Superintendents will provide the Purchasing Manager specifications detailing needs after approved by the General Manager. The Purchasing Manager will solicit bids based on the specifications supplied. These bids may be solicited by telephone, in writing, or by newspaper or radio advertisement. Bids will be accepted from appropriate vendors, and the Purchasing Manager will select the most appropriate bid to recommend to the requesting Superintendent. All bids will be in writing and supplied in sealed envelopes. AUB will decide which bid to accept after the bid submission deadline. Any bids submitted after the deadline will be rejected. AUB reserves the right to reject all bids. The winner of the bid shall be the lowest qualified and responsible bidder. AUB may consider the following factors in addition to the price quoted in determining the lowest qualified and responsible bidder:

- Apparent ability to perform;
- Quality of the company, product or service;
- Purpose or use of the product or service;
- Discount for prompt payment provided by the vendor;
- Freight method and cost;
- Delivery date;
- Past performance;
- Other pertinent factors such as experience in providing products or services to similar utilities, references on similar jobs, and compatibility with existing utility equipment.

AUB is not obligated to purchase a product or service from the bidder with the lowest price. All major purchase bids will be presented to, and approved by, the Board of Directors. Upon board approval, the purchase will be completed by the Purchasing Manager. When a bid is accepted and approved by the Board of Directors, AUB will notify the vendor in writing of its acceptance.

2.0 Purchases not Requiring Competitive Bids

The following purchases **do not** require competitive bids:

- Items or groups of items costing less than \$25,000.00;
- Contracts to provide a continuous work force through independent contractors for the maintenance, installation and repair of the system;
- Purchase of goods or services for which there is a single source of supply;
- Purchases for immediate delivery in actual emergencies arising from unforeseen causes;
- Purchases of real property (permanent, immovable property such as land, buildings and improvements);
- Purchases from any federal, state or local government unit or agency;
- Purchases of items for resale;
- Contracts for professional services as set forth in [TCA 12-4-106];
 - Legal services;
 - Fiscal agent;
 - Financial advisor or advisory services;
 - Similar services by professional persons or groups of high ethical standards;
 - Engineering services;
 - Architectural services;
 - Accounting services;

3.0 Bid and Performance Bonds

AUB may require vendors to submit a bid bond with their bids under the following guidelines:

- The bid bond must be issued by a surety company licensed to do business in the State of Tennessee;
- Bid bonds submitted by unsuccessful vendors will be returned upon award to contract;
- Personal or vendor company checks are not acceptable in lieu of bid bonds; however, bank cashier's checks will be accepted.

AUB may require vendors to submit a performance bond under the following guidelines:

- A performance bond must be issued by a surety company licensed to do business in the State of Tennessee;
- When required, the amount of the bond will be stated by AUB in writing;
- The vendor must file a performance bond with AUB within ten working days after receipt of the request for bid;
- Personal or vendor company checks are not acceptable in the place of performance bonds; however, bank cashier's checks will be accepted;
- An irrevocable letter of credit from a state or national bank or state or federal savings and loan association having its principal office in Tennessee may be acceptable in lieu of a performance bond. The terms and conditions of the letter of credit are subject to the approval of AUB.

4.0 File for Competitive bids

When a purchase requires competitive bidding, the purchasing manager shall create a file for this purchase transaction which shall include the following:

- Written requests for bids;
- Written notation of bid deadlines that AUB requests by telephone;
- Written bids received from vendors;
- Any vendor's written confirmation of telephone bids;
- All written contracts that relate to competitive bids;
- Other related written materials;
- If a bid is awarded to someone other than the lowest bidder, a memo shall be placed in the file stating the reason the winning vendor was selected over the low bidder. The purchasing manager shall be responsible for placing this information in the file.

5.0 Purchase Orders

AUB uses a purchase order system. All major purchases require the signature of the Purchasing Manager on a long-form purchase order. These will be submitted to accounting prior to payment for the purchase. The Purchasing Manager shall issue "local purchase order" books to each of the divisions. Local purchase orders may be used by field personnel for small purchases of needed items in the field. Local purchase orders shall be pre-numbered forms identifiable by division. These will be three part forms. One copy of each local purchase order shall be submitted to accounting to substantiate the purchase upon receipt of the vendor's bill. The original will be submitted to the vendor, and one copy shall be retained in the purchase order book. Accounting copies of local purchase orders must be submitted to accounting on the day the purchase order is executed.

6.0 Materials and Supplies

The purchasing manager and/or the Warehouse Manager shall be responsible for purchasing inventories of materials and supplies for all divisions. These supplies shall be purchased based on requisitions made by Warehouse personnel or specific divisional Superintendents. Large purchases shall be completed using the bidding process previously described, but the Purchasing Manager shall research and obtain the best price for all purchases under the bidding threshold.

7.0 Record Retention

The following shall be the record retention requirements for records relative to the purchasing function. It shall be the responsibility of the Purchasing Manager to maintain all purchasing and bidding records:

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| ➤ Correspondence | Two years |
| ➤ Bank deposit slips | Three years |
| ➤ Inventory Records | Three years |
| ➤ Invoices | Three years |
| ➤ Purchase orders | Three years |
| ➤ Contracts | Six years |
| ➤ Leases | Six years |

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| ➤ Insurance policies | Six years |
| ➤ Deed and other title documents | Six years after retirement |
| ➤ Fixed asset records | Fifty years |

8.0 Omissions and Exceptions

In the absence of specific rules or policies, the disposition of purchasing procedures shall be made by the Board of Directors in accordance with its usual and customary practices. Any exception to the purchasing policy must be approved by the appropriate divisional Superintendent and the General Manager. Under no circumstances will any policy exceptions that violate any state, federal, or local statute be approved.