

MADISON COUNTY, TEXAS

PURCHASING POLICY AND PROCEDURES MANUAL



Madison County Purchasing Board

103 W. Trinity #100

Madisonville, Texas 77864

August 5, 2025

We, the undersigned members of the Purchasing Board for Madison County, Texas, hereby approve the attached Purchasing Policy and Procedures Manual, submitted by the Madison County Auditor, pursuant to Texas Local Government Code Section 262.

A blue ink signature of David Moorman, written in a cursive style.

Honorable Judge David Moorman

12th District Court

A blue ink signature of Tracy Sorensen, written in a cursive style. To the right of the signature is the date "08/06/25".

Honorable Judge Tracy Sorensen

278th District Court

A blue ink signature of Clark Osborne, written in a cursive style.

Honorable Judge Clark Osborne

County Judge

MADISON COUNTY PURCHASING POLICY

PROCEDURAL CHANGE

ACCEPTED BY THE MADISON COUNTY COMMISSIONERS' COURT ON

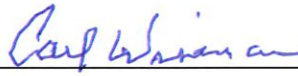
AUGUST 12, 2025



CLARK OSBORNE
COUNTY JUDGE



STEVE PARRISH
COMMISSIONER, PRECINCT #1



CARL WISEMAN
COMMISSIONER, PRECINCT #2



CARL CANNON
COMMISSIONER, PRECINCT #3



DAVID POHORELSKY
COMMISSIONER, PRECINCT #4

TABLE OF CONTENTS

INTRODUCTION	5
STATEMENT OF PURCHASING POLICY.....	6
ETHICAL STANDARDS AND RELATIONSHIPS.....	7
REQUISITION PROCESS.....	9
COMPETITIVE BIDDING PROCESS.....	16
EXEMPTIONS FROM COMPETITIVE BID PROCESS.....	20
INVOICES.....	22
PROPERTY SALVAGE AND DISPOSAL.....	23
ANNUAL INVENTORY.....	24
GLOSSARY OF TERMS.....	25

INTRODUCTION

This manual contains the authorized policy and procedures for purchasing and asset management by County officials and employees.

County purchasing procedures are governed by Texas statutes and these statutes, including interpretations of them made by Texas courts, are the ultimate authority on the validity of purchasing procedures. Because the procedures described in this manual are based on state law, this manual, in many instances, contains language taken directly from statutes, and paraphrases of and broad generalizations about Texas statutory law which have been included where appropriate to assist in applying the law in routine situations. **This manual cannot address every situation** and when an unusual situation occurs or a difficult legal or factual problem arises, the exact statutory language must be reviewed and analyzed. In every situation, the final authority for county purchasing procedures is the law itself.

This manual is for the use of Madison County officials and employees and is designed to assist them in complying with laws governing county purchasing and asset management procedures. This manual does not create any rights of individuals or entities enforceable against Madison County.

STATEMENT OF PURCHASING POLICY

It is the policy of Madison County that all purchasing shall be conducted strictly on the basis of economic and business merit to best promote the interests of the citizens of Madison County. Madison County encourages free and unrestricted competition on all bid requests and purchases, ensuring the taxpayers the best possible return on each dollar. All contracts and purchases shall be managed to obtain the best value for the County with bids or quotes solicited whenever practical. Elected officials and County employees shall not purchase supplies, materials, or equipment of any kind for personal use through Madison County.

The responsibility of purchasing rests with the Commissioners' Court. The County Auditor aids in the purchasing process but is subject to the Court's directions as to reasonable specifications and maximum prices on items to be purchased.

The County strives to develop effective relationships with vendors and encourages full and open competition wherever possible. All vendors are afforded equal opportunity to participate in public bidding. To accomplish this intent, all contacts between the County and the vendor shall be coordinated through the purchasing department.

The Texas State Legislature has passed and made a part of the Local Government Code, Section 262, more commonly known as the County Purchasing Act. It shall be the policy of Madison County to fully comply in all aspects with the rules, regulations, and procedures as they appear and are amended from time to time, in the act.

Furthermore, it is the intention of the Madison County Commissioners' Court that all individuals within each department directly or indirectly involved in the purchasing function shall follow the purchasing policies and procedures as outlined in this manual.

ETHICAL STANDARDS AND RELATIONSHIPS

Public employees should conduct themselves in such a manner as to foster public confidence in the integrity of Madison County's purchasing process. To achieve this purpose, it is essential that persons or companies doing business with Madison County observe the ethical standards prescribed:

- A. It shall be a breach of ethics to attempt to realize personal gain through public employment with Madison County by any conduct inconsistent with the proper discharge of the employee's duties.
- B. It shall be a breach of ethics to attempt to influence any public employee of Madison County to breach the standards of ethical conduct set forth in this code.
- C. It shall be a breach of ethics for any employee of Madison County to participate directly or indirectly in a procurement when the employees know that:
 - The employee or any member of the employee's immediate family has a financial interest pertaining to the purchase.
 - A business or organization in which the employee or any member of the employee's immediate family has a financial interest in the purchase.
 - Any other person, business, or organization with whom the employee or any member of the employee's immediate family is negotiating or has an arrangement concerning prospective employment and participates in the procurement.
- D. **Gratuities:** It shall be a breach of ethics to offer, give, or agree any employee or former employee of Madison County, or for any employee of Madison County to solicit,

demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendations, preparation of any part of a program requirement or purchase request, influencing the content of any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement or contract or subcontract, or to any solicitations or proposals therefore pending before this County.

E. **Kickbacks:** It shall be a breach of ethics for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher-tier subcontractor for any contract for Madison County, any person associated therewithin, an inducement for the award of a subcontract or order.

F. It shall be a breach of ethics for any employee of Madison County knowingly using confidential information for actual or anticipated personal gain, or the actual or anticipated gain of a person.

Note: *These common standards of ethics have been reproduced from the Model Procurement Code for State and Local Governments developed by the Texas State Comptroller's Office.*

REQUISITION PROCESS

Local Government Code, Section 113.901 requires the use of requisitions. Pursuant to section 113.901(d) Madison County has established an electronic requisition system to perform the functions required by 113.901(a). The County Auditor, subject to approval of the Purchasing Board, shall establish procedures for administering the system. An electronic requisition system under this section must be able to electronically transmit data to and receive data from the county's financial system in a manner that meets professional, regulatory, and statutory requirements and standards, including those related to purchasing, auditing, and accounting.

- A. The department head, or duly authorized representative within the department, initiates, prepares, and signs the requisition. The department head is responsible for verifying that sufficient funds are available and can be held personally liable for expenditures in excess of their approved budget. A requisition shall be sent to the Auditor's Office and will then be converted to a purchase order.
- B. Any commitment to acquire goods or services without an authorized purchase order is prohibited except as allowed in this manual and for emergency situations and/or in times when downtime of equipment or idleness of that equipment would result in unnecessary hardship or expense to the County. (See Emergency Purchase Orders.)
- C. If a trade-in is involved, requisitions must identify the equipment number of the equipment to be traded. Items that lack an assigned equipment number should be identified on the requisition by the complete serial number, make, model and any other pertinent descriptive information. Trade-ins, such as vehicles and equipment, shall require Commissioners' Court approval, prior to the requisition process.
- D. Once the goods and/or services are received, the packing slip and/or invoice if available shall be signed and dated by the receiving department and forwarded to the Auditor's Office for processing.

PURCHASE PROCESS

All purchases require a purchase order issued by the Auditor's Office unless listed under exemptions or specifically exempted by law. All purchases of equipment, supplies, and services shall be for the sole purpose of County operations. By routing all purchases through the Auditor's Office, it becomes possible for purchases of similar goods and/or services to be identified and the purchases from the same vendor to be noted. In this manner, it becomes possible to identify areas where competitive bidding or proposals are required.

Any computer-related purchase that will be installed or access the county network will need to be compliant with the Madison County Information System Policy.

Unbudgeted Capital Expenditures – purchases not authorized in a department's current budget must be authorized through a budget amendment by the Commissioners' Court prior to purchase.

All lease/purchase contracts and agreements must be approved by the Commissioners' Court and signed by the County Judge unless the Court authorizes someone other than the County Judge. All contracts and agreements must contain a clause authorizing the return of the equipment if Commissioners' Court does not provide appropriate funds for the contract/agreement in a future year. Failure to comply with this provision will result in the department head being liable for losses sustained by Madison County.

PURCHASE ORDER

The purchase order is a contract between the County and a vendor. A purchase order shall be provided to the vendor prior to purchase and authorizes the vendor to both invoice and ship the materials or supplies specified. It is also the vendor's indication to expect timely payment if goods and/or services are rendered as specified on the purchase order. All purchases require a purchase order issued by the Auditor's Office prior to the purchase being made unless under exemptions or specifically exempted by law. All purchase orders will be written concisely and clearly to avoid misunderstandings and unnecessary correspondence with vendors.

Each Department Head is responsible for maintaining the integrity of his/her departmental budget. Anyone obligating an expenditure of funds for goods or services in excess of their allotted budget or prior to securing a purchase order may be held personally responsible for the payment.

PURCHASES OF \$100,000 OR MORE

The Texas Local Government Code requires competitive bidding or proposals for all county purchases exceeding \$100,000 in amount for a product or vendor. The law also prohibits the County from making a “separate, sequential, or component purchases to avoid the competitive bidding requirements.” A violation is a Class B misdemeanor (\$2,000 fine and/or 180 days in jail) and conviction results in immediate removal from employment and ineligibility for other public offices for four years (LGC Section 262.034-35).

Sealed competitive bids or proposals must be solicited for all transactions reasonably anticipated to be equal to or in excess of \$100,000 (annually county-wide) unless offered on State contract or Inter-local agreement. This category not only includes a single product or service purchase, but multiple purchases with the same vendor for different products. Purchases from this category must have Commissioners’ Court approval prior to the issuance of the purchase order.

The request for competitive bidding shall be submitted directly to Commissioners’ Court and cc’d to the Auditor’s Office by the department head. Upon approval of the specifications and authorization to begin the competitive bid process, the County Auditor will place necessary advertisements and/or notices for the bid. Bids will be received and opened in the County Auditor's office and presented to Commissioners’ Court at the next meeting scheduled. Commissioners’ Court will award the bid to the lowest and best bidder or proposer, taking into consideration the recommendation of the appropriate department head. After the bid has been awarded, the department head may request the necessary purchase order.

PURCHASES LESS THAN \$100,000

The purpose of this section is to provide guidance for the regulations that apply to the purchase of material, equipment, supplies, repairs, and services that are not required by law to be bid. The general practice of the County shall be to accept the lowest responsible bid or price quotation as specified and on equal product standards. If the County receives two or more quotes or bids from responsible bidders that are identical in amount, as the lowest and best bid, the County shall select only one bidder by casting lots. All purchases require a purchase order issued by the Auditor's Office regardless of price unless listed under exemptions or specifically exempted by law. **Purchase orders are issued prior to the purchase being made in all categories.**

Purchases of \$.01 to \$5,000

Purchases of \$5,000 and below require only a purchase order if adequate funds are available in the appropriate budget line item.

Purchases of \$5,001 or more, but less than \$20,000

Three quotes are required for purchases of goods and services with a total cost of \$5,001 or more but less than \$20,000. Purchases made at auction, state contract, or buy board do not require quotes. Unbudgeted purchase of capital items must be authorized through a budget amendment by the Commissioners' Court.

Purchases of \$20,000 or more, but less than \$50,000

All purchases of \$20,000 or more, but less than \$50,000 require a minimum of three written quotes. Purchases made at auction, state contract, or buy board do not require quotes. Unbudgeted purchase of capital items must be authorized through a budget amendment by Commissioners' Court.

Purchases of \$50,000 or more, but less than \$99,999.99

All purchases of \$50,000 or more, but less than \$99,999.99 require a minimum of three written quotes and Commissioner's Court approval prior to the purchase. Purchases made at auction, state contract, or buy board do not require three quotes but will continue to require Commissioner's Court approval prior to the purchase.

CREDIT CARD PURCHASES

The County Auditor shall establish policies and procedures for credit card purchases.

PURCHASES AFTER SEPTEMBER 1ST OF THE CURRENT FISCAL YEAR

Elected officials and department heads should begin reviewing their end-of-year requirements early with regards to any capital equipment purchases (normally taking 6-8 weeks to complete).

Only requisitions for capital equipment emergency purchases will be processed after September 1st of the current fiscal year.

For purchases other than capital equipment, please remember to allow adequate time to complete the purchasing process and for the vendors to be able to **deliver the goods or complete the service** no later than September 30th of the current fiscal year.

CHANGE ORDERS

Change orders will be processed in the same manner as the standard purchase order.

EMERGENCY PURCHASES

An emergency situation is defined as (1) a case of public calamity where the prompt purchase of items are required to provide for the needs of the public or to preserve the property of the County; (2) a case where the item is necessary to preserve or protect the public health or safety of residents

of the County; and (3) a case where the purchase of an item is made necessary due to unforeseen damage to public property. Emergency purchases should not be made without notification to the County Auditor. Emergency purchases should only be made to keep buildings and machinery in operating condition when their idleness would result in expense to Madison County or involve public health and welfare cases. In the case of emergency purchases, the requisition should be notated as "EMERGENCY PURCHASE" and submitted to the County Auditor's Office on the next business day.

EXEMPTIONS FROM THE REQUISITION / PURCHASE ORDER PROCESS

- Orders of the Court, i.e., attorney fees, commitment charges, payments to other counties for services; expert witnesses, court reporters, jurors: or court related psychiatrist or psychologists (copy of order with Judge's signature required)
- Bailiff services
- Professional services unless services are tied to a contract in which the expense is known
- Recurring payments required by statute (Central Appraisal District, etc.)
- Employee benefits payments (i.e., Health insurance, retirement, and other payments related to payroll)
- Inmate charges for hospital, lab charges, doctors, and other medical services (not supplies)
- Utilities, i.e., telephone, water, electricity, unless there is a monthly contracted rate
- Pre-employment physical and drug screening
- Estray services i.e., pickup of animals
- Purchases not required by Statute to be processed by the Purchasing Agent, i.e., purchases of perishable goods, professional memberships, emergency purchases (see Emergency Purchases section of this manual)

COMPETITIVE BIDDING PROCESS

I. COMPETITIVE BIDDING

- A. Purchases of \$100,000 or more from one vendor must be made through formal, written, sealed, competitive bids unless exempt by state statute. Departments are prohibited from making “split purchases” in an effort to circumvent the formal bid requirement.
- B. Commissioners’ Court must approve advertising for bids.
- C. The user department shall be responsible for establishing specifications and providing a complete written set of the specifications along with a completed requisition. Specifications may be written on a technical or functional basis. The use of brand names in the specifications is discouraged but may be used for comparison purposes only. When brand names must be used it will be stated “or approved equal.” When developing specifications, one should ensure that a fair competitive environment exists. The Auditor’s Office will finalize the specifications to ensure they are proper for inserting in the bid packet and will submit them to the user department for final approval. The procedure is jointly undertaken in order to establish a quality level of goods or services being provided.
- D. Once bid specifications are approved by the user department, the advertisement and bid process begins. The Auditor’s Office will coordinate and operate the bidding system. Likewise, the Auditor's Office will be responsible for adherence to any and all legal requirements of competitive bidding and will develop standard terms and conditions that will be used for all of the County’s formal bidding situations.

- E. In addition to soliciting vendors through newspaper advertisements, county personnel will work to identify vendors with interest in submitting a bid to Madison County. Pre-bid conferences may be used when it is anticipated that they will be useful in answering vendors' questions and to ensure that the same information is distributed equally. It is of utmost importance that those who intend to bid understand the County's needs. All material changes to bidding conditions or specifications (resulting from pre-bid conferences, vendor inquiries, and all other reasons) will be documented and issued in an addendum by the Auditor's Office to all known bidders (i.e., all vendors who have requested a bid packet). All questions from vendors concerning the bid packet are to be addressed to the Auditor's Office.
- F. It will be the Auditor's Office responsibility to receive all bid proposals and to document such receipt on the date and time as advertised. It will be the Auditor's Office responsibility to coordinate with the user department a time to evaluate the bids. The County will follow the practice of using a total cost bid analysis for evaluating the lowest responsible bid unless the bids specifications dictate otherwise. Once an evaluation has been prepared, the Auditor's Office and user department will make a joint recommendation to the Commissioners' Court for consideration and award.

II. REQUEST FOR PROPOSAL

- A. The request for proposal (RFP) is a process similar to the sealed bid procedure used for the procurement of goods and services that are highly specialized and technical in nature. Important distinctions between a normal sealed bid and an RFP include:
1. Normal bids stipulate the award of the contract to the "lowest and most responsible bidder." An RFP permits price and other factors to be considered,

allowing a contract to be awarded to a vendor other than the one offering the lowest price.

2. Normal bids utilize detailed specifications about the nature of the goods and services required by the County. An RFP may specify only the function to be served by the goods and services, leaving the vendors to determine how to best achieve the desired function.
3. State law requires that the RFP specify the relative importance of price and other evaluation factors. The user department and/or the Auditor's Office may conduct discussions with vendors after the submission proposal. The final terms of the contract may be negotiated during these discussions and prior to the awarding of the contract by the Commissioners' Court.

III. PROFESSIONAL SERVICES

A. GENERAL

1. These services are characterized by their reliance on mental or intellectual skills, often accompanied by formal certification or licensing by a state or other regulatory agency. Examples include accounting, auditing, architecture, economics, engineering, financial advisory services, law, laboratory services, consulting, medicine, and surveying, etc.
2. State law exempts the procurement of these services from competitive bidding requirements (Professional Services Acts, VCTS). Professional service consultants should be selected on the basis of demonstrated competence and qualifications.

3. Any negotiated contract and fee structure document should be turned over to County legal counsel for review. Once approved by legal counsel, the contract should be placed on the agenda of the Commissioners' Court for approval, acceptance and signing.

The Auditor's Office will prepare a draft RFP to be reviewed and approved by the user department. Once approved, the Auditor's Office will submit it to Commissioners' Court for approval of advertisement. The Auditor's Office will then place advertisements in the newspaper(s) and distribute RFPs to potential consultants. Proposals will either be evaluated by the user department and the Auditor's Office, or a committee (that will include the user department and the Auditor's Office) established by Commissioners' Court. A recommendation is made and a fee is negotiated. Once negotiations are completed, the County legal department will draft a contract based on the RFP and the consultant's proposal. The final agreement will be brought back to the Commissioners' Court for review and approval.

EXEMPTIONS FROM THE COMPETITIVE BID PROCESS

LGC, Section 262.024 allows the purchase of any of the following items as exempt from the requirements established by this policy if the Commissioners' Court by order grants the exemption:

- A. An item to be purchased in case of public calamity if prompt purchase is necessary to relieve the needs of the citizens or to preserve the property of the County. This exemption may only be requested by a member of the Commissioners' Court or the County Sheriff.
- B. An item necessary to preserve or protect the public health and safety of the residents of the County.
- C. An item necessary because of unforeseen damage to public property.
- D. Any work performed and paid for by the day, as the work progresses.
- E. Any land or right-of-way.
- F. An item that can be obtained from only one source, to include:
 - 1. Items for which competition is precluded because of the existence of patents, copyrights, secret processes, or natural monopolies.
 - 2. Films, manuscripts, books.
 - 3. Electric power, gas, water, and other utility services.
 - 4. Captive replacement parts or components for equipment.
- G. An item of food.
- H. Personal property sold:
 - 1. At an auction with the use of a state licensed auctioneer.
 - 2. At a going out of business sale held in compliance with Subchapter F, Ch. 17 of the Business & Commerce Code.
 - 3. By a political subdivision of the state or the federal government.

- I. Any work performed under a contract for community and economic development made by the County under LGC 381.004.

If an item is deemed to be a sole source purchase, the ordering department will need to verify, in writing, the reasons why to the Auditor's Office. (A letter from the vendor may be requested.) If the requesting department and the Auditor's Office both agree that the vendor is sole source, the request will be submitted to the Commissioners' Court for approval prior to the issuance of the purchase order.

INVOICES

The invoice is an itemized statement of merchandise shipped or delivered to an end user and is a guide for the County in settling financial obligations incurred. Invoices are based upon purchase orders and therefore should contain the same information. Any difference between the invoice and the packing slip / invoice should be resolved with the vendor immediately and always before forwarding for payment.

All invoices should be mailed or delivered by the vendor to the Auditor's Office at the address listed below:

Madison County Auditor's Office

Attn: Accounts Payable

103 West Trinity, Suite 100

Madisonville, Texas 77864

Or sent by email to: AP.Invoices@madisoncountytexas.org

All invoices should contain the following information:

1. The purchase order number
2. An itemized list of merchandise received / shipped
3. The prices, terms, quantities, and other pertinent information

Upon receipt of each invoice, staff members of the Auditor's Office will attach a copy of the purchase order, audit the invoice for accuracy and obtain and/or verify County personnel signature approval, enter the invoice into the accounts payable system and present the invoice to the County Treasurer's Office for approval by Commissioners' Court and payment.

Invoices found to contain errors will not be submitted for payment until all errors have been reconciled and agreed upon by both the County and the vendor.

Texas' "prompt payment law" establishes when certain types of payments are due. The law states that payments for goods and services are due within 30 days after the goods are provided, the services completed, or a correct invoice is received, whichever is later.

PROPERTY SALVAGE AND DISPOSAL

SALVAGE

Equipment no longer needed by a department shall be reported to the Auditor's Office by completing a Property Acquisition, Transfer and Disposition Form. If it is found that this item is of no further use by any County department, the Auditor's Office will dispose of it in accordance with LGC 263, Subchapter D – DISPOSITION OF SALVAGE OR SURPLUS PROPERTY.

DISPOSAL

Upon approval by Commissioners' Court, surplus or salvage material and equipment may be disposed of in one of the following methods:

A. Public Auction

- County employees, with the exception of members of Commissioners' Court, may bid on surplus property offered to the public at public auction.

B. Trade-in on new equipment

C. Sealed competitive bids.

D. Ordered destroyed or distributed as unsalvageable.

ANNUAL INVENTORY

A physical inventory of all Madison County property shall be completed annually. Upon completion of the physical inventory, an inventory report shall be completed. The report should include a listing of all county property notated as 'located' or 'not located;' the condition of the property and all physical attributes, i.e., serial number, make/model, etc. A 'Missing Items Report' shall be submitted to each department head where items were found to be missing. The Madison County Commissioners' Court will determine the necessary action to be taken on property found to be missing.

GLOSSARY OF TERMS

Authorized Signature – A signature that has been approved by the department head to initiate a purchase request and which is recognized by the County Auditor to authorize the expenditure of funds from the department's budgeted funds.

Bid Advertisement – A public notice put in a newspaper of general circulation containing information about an Invitation to Bid or a Request for Proposal.

Bid Bond – A bond required of a contractor that ensures the contractor will enter into the contract for which he has submitted a formal written bid and/or proposal.

Buyer – County Auditor or his/her designee functioning under the direction of the Court.

Capital Items – A capital item is generally an item that has a unit cost in excess of \$2500 and has a life expectancy of greater than one (1) year. Certain items with a unit cost of less than \$2,500 are designated as reportable for the purpose of equipment accountability, e.g., computers and computer equipment (does not include printers or monitors for less than \$500), firearms, radios, etc.

Competitive Bidding – The process wherein a vendor openly competes with other vendors through a formal process for the county's business.

Contract – A formal, written agreement executed by the County and a vendor containing the essential terms and conditions under which goods or services are to be furnished to the County. A contract becomes a commitment of the County's funds when approved by the Commissioners' Court and properly signed and dated by the County Judge.

Encumbrance – The process wherein the County sets aside funds for the purchase of supplies, goods, services, or equipment in accordance with the approved purchase order.

F.O.B. Destination Point – A designation that indicates transportation charges are paid by the vendor, and the vendor is responsible for the merchandise until it reaches the County's designated delivery point.

F.O.B. Shipping Point – A designation that indicates shipping charges are added to the invoice and paid for by the County. The County takes possession of the goods at the point of shipment and is responsible for them from that point.

Fund Approval – The process wherein the County Auditor verifies that moneys are available at the specific budgetary fund level to encumber the expenditure within the approved budget, as well as available to make the payment for the goods and services when delivered.

Goods – A generic term that includes all types of property to be purchased by the County, equipment, supplies, materials, component, and repair parts.

Invitation to Bid – A formal written document that requests from the bidders a firm price and delivery details for specified merchandise listed on a purchase requisition. An Invitation to Bid is always required when the anticipated level of expenditure will be greater than \$50,000. It may be used anytime the Auditor's Office and/or Commissioners' Court deem it is justified.

Lease – A specific contract for the use of real estate or personal property for a specified period of time with a specified rent or other compensation to be paid.

Lowest Responsible Bid – The lowest bid or offer received by the County. It meets all the specifications, requirements, terms, and conditions of the Invitation to Bid. It is expressly understood that the lowest responsible bid includes any related costs to the County, using a total cost concept. The term is also used to refer to the experience record of the vendor with the county or the vendor's safety record.

Performance Bond – A bond that is normally required of all contractors doing business with the County, which guarantees vendor performance during the execution of the contract.

Purchasing – The act, function, and responsibility for the acquisition of goods and services.

Purchasing Law – The law that governs county purchasing including the following laws: Purchasing Act, (TEX LOC. GOV'T CODE ANN §271, subch. B), State Contract (TEX LOC. GOV'T CODE ANN. §262.002, §271.0813), State Catalog, (TEX LOC. GOV'T CODE ANN. §2157 in coordination with TEX LOC. GOV'T CODE ANN. §271.101-103), Services and Products of Severely Disabled, (TEX LOC. GOV'T CODE ANN. Chapter 122), Interlocal Cooperation Agreement, (TEX LOC. GOV'T CODE ANN §791), Prompt payment Act, (TEX LOC. GOV'T CODE ANN. §2251), Bidders from other States and 5% Retainage, (TEX LOC. GOV'T CODE ANN. §2252), Public Works Performance and Payment Bonds, (TEX LOC. GOV'T CODE ANN. §2253), Professional Services Procurement Act, (TEX LOC. GOV'T CODE ANN. §2254, subch. A), Wage and Rate Construction Projects, (TEX LOC. GOV'T CODE ANN. §2258), Sales Tax Exemption for Governmental Entities, (TEX LOC. GOV'T CODE ANN. §151.309), Workers' Compensation Compliance, (Workers Compensation Rule §110.110), Uniform Electronic Transaction Act, (TEX.BUS. & COM. CODE ANN. Chapter 43).

Purchase Order – A formal, binding legal agreement issued by the County Auditor's office. A purchase order is requested by a departmental requisition that details the merchandise or services required. A purchase order grants the vendor the authority to deliver and invoice for goods and services. It is the County's commitment to accept the goods and services and pay for them at the agreed price.

Request for Proposal – A formal written document requesting that potential vendors make an offer for services to the County. The offer allows for negotiations after proposals have been received, but

before a contract is awarded. This process is normally used for the acquisition of insurance coverage and high technology items.

Requisition – The source document for all purchasing activity. The requisition is for communicating internal requirements and should not be used by the departments for the order and delivery of goods and/or services.

Services – A generic term to include all work or labor performed for the County on an independent contractor basis, including maintenance, construction, manual, clerical, or professional services.

Specifications – This statement contains a detailed description of the terms of the contract, as well as an enumeration of particulars, required details, and all other restrictions for goods and/or services. The enumeration of the specifications should be descriptive, but not restrictive.

Surplus Property – An item no longer required by a department, regardless of its value or condition.

Vendor – A generic term applied to individuals and companies alike who provide goods and services to Madison County.