

Purchasing Procedures (Sample)

Dear Reader:

The following document was created from the MTAS website ([mtas.tennessee.edu](https://www.mtas.tennessee.edu)). This website is maintained daily by MTAS staff and seeks to represent the most current information regarding issues relative to Tennessee municipal government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with municipal government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other MTAS website material.

Sincerely,

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Reference Number: MTAS-1720

CITY OF _____, TENNESSEE

As designated in Ordinance No. _____, the _____ shall act as purchasing agent for the city, with power, except as set out in these procedures, to purchase materials, supplies, equipment; secure leases and lease-purchases; and dispose of and transfer surplus property for the proper conduct of the city's business. All contracts, leases, and lease-purchase agreements extending beyond the end of any fiscal year must have prior approval of the governing body.

The purchasing agent shall have the authority to make purchases, leases, and lease purchases of more than \$1,000 and less than \$2,500* singly or in the aggregate during any fiscal year and, except as otherwise provided herein, shall require three competitive bids or quotations, either verbal or written, whenever possible prior to each purchase. Competitive bids or quotations for the purchase of items that cost less than \$1,000 are desirable but not mandatory. All competitive bids or quotations received shall be recorded and maintained in the office of the purchasing agent for a minimum of seven years after contract expires. When requisitions are required, the competitive bids or quotations received shall be listed upon that document prior to the issuance of the purchase order. Awards shall be made to the lowest and best bid.

A description of all projects or purchases, except as herein provided, that require the expenditure of city funds of \$2,500* or more shall be prepared by the purchasing agent and submitted to the governing body for authorization to call for bids or proposals. After the determination that adequate funds are budgeted and available for a purchase, the governing body may authorize the purchasing agent to advertise for bids or proposals. The award of purchases, leases, or lease-purchases of \$2,500* or more shall be made by the governing body to the lowest and best bid.

Purchases amounting to \$2,500* or more, which do not require public advertising and sealed bids or proposals, may be allowed only under the following circumstances and, except as otherwise provided herein, when such purchases are approved by the governing body:

- Sole source of supply or proprietary products as determined after complete search by using the department and the purchasing agent, with governing body approval.
- Emergency expenditures with subsequent approval of the governing body.
- Purchases from instrumentalities created by two or more cooperating governments.
- Purchases from nonprofit corporations whose purpose or one of whose purposes is to provide goods or services specifically to municipalities.
- Purchases, leases or lease-purchases of real property.
- Purchases, leases, or lease-purchases, from any federal, state, or local governmental unit or agency, of second-hand articles or equipment or other materials, supplies, commodities, and equipment.
- Investment in or purchases from the Local Government Investment Pool (LGIP).
- Purchases directed through or in conjunction with the state Department of General Services.
- Purchases of fuels, fuel products or perishable commodities.
- Purchases of natural gas and propane gas for re-sale.
- Purchases from Tennessee state industries (T.C.A. § 41-22-119 - -121).
- Professional service contracts (T.C.A. § 12-3-12019 & § 12-4-107).
- Energy-related service contracts (T.C.A. § 12-4-110).
- Any of the insurance as provided in (T.C.A. § 29-20-407).
- Purchases for other local governmental units (T.C.A. § 12-3-1203).
- Cooperative purchasing agreements (T.C.A. § 12-3-1205 & § 12-9-101 et. seq.).
- Purchases of property at public auctions (T.C.A. § 12-2-421).

- Reverse auctions (T.C.A. § 12-3-1208).
- Purchase of confiscated property from the State (T.C.A. § 12-2-201).

The purchasing agent shall be responsible for following these procedures and the Municipal Purchasing Law of 1983, as amended, including keeping and filing required records and reports, as if they were set out herein and made a part hereof and within definitions of words and phrases from the law as herein defined.

**This limit may be lowered or increased to a maximum \$10,000 by the governing body.*

DISCLAIMER: The letters and publications written by the MTAS consultants were written based upon the law at the time and/or a specific sets of facts. The laws referenced in the letters and publications may have changed and/or the technical advice provided may not be applicable to your city or circumstances. Always consult with your city attorney or an MTAS consultant before taking any action based on information contained in this website.

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