

Luna County Procurement Policy



**As Approved by the
Luna County Board of County Commissioners
Dated: June 8, 2017**

EFFECTIVE JULY 1, 2017

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RESOLUTION NO. 17-35

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STATE OF NEW MEXICO
COUNTY OF LUNA RESOLUTION NO. 2017-35
SUPERCEEDS PRIOR RESOLUTION NOs. 05-28, 11-12 and 13-42

A RESOLUTION ESTABLISHING A PROCUREMENT POLICY

WHEREAS, the Luna County Board of County Commissioners (hereinafter "LCBCC") finds it necessary to address appropriate purchasing procedures conducted in a manner above reproach, with complete impartiality and without preferential treatment; and

WHEREAS, the Luna County Board of County Commissioners recognizes that a Purchasing Policy for Luna County Government is for all County Elected Officials, Department Directors and employees to follow in all purchasing and procurement activities; and,

WHEREAS, The Luna County Board of County Commissioners desire to implement a policy that details those procedures of purchasing and procurement to which each Elected Officials, Department Directors and employees are expected to adhere.

NOW, THEREFORE, BE IT RESOLVED, by the Luna County Board of County Commissioners that the following Procurement Policy is hereby adopted:

LUNA COUNTY PROCUREMENT POLICY

SECTION I: GENERAL PROVISIONS

- 1.1 User Applicability.** This Procurement Policy (hereinafter referred to as "this Policy") and its procedures apply to Elected Officials, all departments, agencies, personnel, individuals, or otherwise under the supervision of Luna County Government. The purchasing function shall be conducted in a manner above reproach with complete impartiality and without preferential treatment. Users shall avoid any conflicts of interest. No user may solicit or accept, for personal use, directly or indirectly, any gratuity, gift, favor, entertainment, loan or anything of value from any offeror or vendor.
- 1.2 Administration.** The County Manager shall be responsible for the administration of this Policy and shall ensure that the Finance Office adheres to all provisions of law and this Policy. In the absence of the County Manager, the Assistant County Manager along with the Finance Office shall be responsible for the administration of this Policy. Upon approval of the County Manager, supplemental forms may be added to improve processes or provide clarification.
- 1.3 Implementation.** Finance Office. The term Finance Office is used to describe the office and/or personnel directly responsible for establishing budgetary control for expenditure of funds and accounts payable procedures for payment of purchases made.

1.4 User Authority and Responsibility.

- A. Only individuals authorized by the Elected Official or Department Director shall be permitted to purchase on behalf of Luna County consistent with the provisions of this Policy. Written authorization shall be submitted to the Finance Office. All authorized users shall receive and sign for a copy of this Policy, receive required training and shall thereby be responsible for the knowledge and appropriate compliance and use of the provisions of this Policy.
- B. Authorized users may contact vendors to obtain technical information, prices, and delivery information for planning purposes. The Finance Office will review the technical information, confirm prices are reasonable, ensure availability of County funds, and issue a purchase order. All quotations documented or received by users shall be attached to the requisition, purchase order or p-card statement. Authorized users shall enter anticipated purchases into the software system, thereby generating a requisition for approval and issuance of a purchase order. Quotations obtained shall be attached to the requisition electronically. Other supporting documentation such as Statewide Price Agreements (SPA's), General Services Administration (GSA) contracts, other government contracts, memos from vendors, etc. shall be electronically attached as well. All requisitions shall contain item descriptions detailed enough to adequately describe the anticipated purchase.

1.5 Definition of a Purchase. For the purpose of this Policy, a purchase is the commitment, obligation and/or expenditure of Luna County supervised funds to obtain goods or services.

1.6 Unauthorized and Questionable Purchases. Any purchase which is not approved or which does not comply with the provisions of the State Statutes, including the State Procurement Code, and the provisions of this Policy shall be considered an unauthorized purchase and thereby **not** subject to payment by Luna County. Luna County hereby declares and establishes that it will assume no responsibility for payment of unauthorized purchases. Furthermore, any individual initiating or otherwise executing any unauthorized purchase is solely responsible for payment. All questionable purchases shall be submitted to the County Manager for review and determination under the provisions of this policy. Determination may also result in disciplinary action.

1.7 Penalties. Any business or person that willfully violates the Procurement Code is guilty of a misdemeanor if the transaction involves Fifty Thousand Dollars (\$50,000.00) or less; or a fourth-degree felony if the transaction involves more than Fifty Thousand Dollars (\$50,000.00) pursuant to 13-1-199 NMSA 1978.

1.8 Consistency with State Procurement Code. The provisions of this Policy are subject to change in accordance with New Mexico State Statute updates or State Procurement Code revisions. Any revision that is inconsistent with the provisions of this Policy shall be resolved in favor of the State Statutes or State Procurement Code. All authorized users shall be given a copy of each revision and notified that it is in effect.

- 1.9 Amendment.** Amendments shall be executed by resolution approved by the LCBCC prior to implementation.
- 1.10 Interpretation of Policy and Supplements.** In any case that a provision of this Policy is vague or unclear, the County Manager shall provide a written supplement for clarification of the provision, which shall be implemented by all Departments and Offices.
- 1.11 Violations.** Violations of this policy may result in the following, but not limited to:
- Disciplinary actions pursuant to Personnel Ordinance #23
 - Loss of purchasing privileges
 - Revocation of P-Card
- 1.12 Training.** Before an employee is authorized to purchase for Luna County, training will be required. Initial and reoccurring training shall be provided by the finance office.

SECTION II: STANDARD PROCUREMENT PROCEDURES.

- 2.1 Standard Purchasing Procedure Applicability.** "Standard Purchases" are described as systematic, planned, and necessary purchases for administration and operation of a project, division, and/or Department. There shall be no exception to these standard procedures except as provided in "Non-Standard, Urgent, and Emergency Purchases Procedures" in Section III of this policy.
- 2.2 Initiating a Purchase: Requisition/Purchase Order.** All standard purchases as authorized by this section require that the buyer utilize a requisition/purchase order to be issued prior to placing an order or making a purchase. All requisitions must be submitted to the Finance Office or a designated authorized Procurement Official for approval and issuance of a purchase order. In the event that this policy is not followed, the Authorized Procurement Official has the right to refuse approval of any purchase request. The requisition form (paper or electronic) shall contain all information as required by the Finance Office to include, but not be limited to, the following:
- A. Vendor** - The business to which the purchase order will be issued.
 - B. Vendor Number** - To be taken from the mainframe database or listing of vendors. Numbers for new vendors shall be assigned only through the Finance Office. New vendor numbers requested must list if the vendor accepts Visa as a method of payment at no additional cost. Vendors that accept Visa will be assigned a vendor number that begins with "P". A vendor number must be on file for the vendor prior to issuance of a purchase order.
 - C. Terms** - Luna County pays net within 30 days of receipt of invoice unless other arrangements are made and included in this section of the purchase order.
 - D. Quantity** - Specify a unit and the approximate amount per unit being requested. Units may be "each", "box", "gallons", "reams", "pounds", etc. If exact quantity is not known, users shall provide the best estimate of quantity.

- E. Description of Item** - The description of the items or services should be sufficiently complete to identify the item being purchased. Services that have been obtained through the use of an agreement must reference the agreement number and attach a copy of the agreement. Services that have been obtained through the use of a bid or request for proposal process must reference the bid or request for proposal number. Commonly used items may be identified by brand names.
- F. Estimated Amount** - Calculation of the quantity multiplied by the unit price. If exact cost cannot be determined, users shall provide the best estimate of cost. Estimated costs shall be stated as such on requisition.
- G. Department** - Enter name of department or office initiating the purchase order.
- H. Employee** - Signature of the Elected Official, Department Director or authorized user, as recorded by the Finance Office.
- I. Account/GL Number** – The appropriate budget line item account number to be charged. It is the authorized user's responsibility to assign the correct line item account number to the purchase order. Multiple line item accounts may be included in the purchase order.

2.3 Authorization of Purchase Orders. The completed requisition form shall be submitted to the Finance Office for authorization, date and purchase order number assignment. The user Department/Office shall inform the vendor that the purchase order number must be included on the invoice submitted to the County for payment.

Purchases executed prior to obtaining a purchase order are prohibited except as otherwise provided in "Non-Standard and Emergency Purchasing Procedures", Section III of this Policy.

Adding different items to a purchase order after it has been authorized is strictly prohibited unless approved by the Finance Office to ensure compliance. However, a purchase order may be increased by the Finance Office if there are no changes in the item, unit price, and funds are available.

2.4 Invoices. An invoice is an itemized statement submitted by the vendor to the County for payment of materials, goods or services delivered to the County. It is the responsibility of the purchaser to ensure that a purchase order is provided to the vendor prior to ordering materials, goods or services. The purchaser shall include the purchase order number on the invoice submitted to the County for payment. The Finance Office is authorized to return any invoices which do not reference a valid purchase order number. The County reserves the right to refuse payment for purchases made without an executed and authorized purchase order.

- A. Verification of Invoices.** All invoices shall be reviewed by the user's department prior to payment to ensure materials, goods or services have been received and to certify authorization for payment. All invoices require an authorized signature, date of signature, and purchase order number on the invoice. It will be the responsibility of user Department/Office to insure outstanding invoices are promptly submitted for payment.

B. Processing for Payment. The Finance Office will insure that all invoices received are appropriately authorized and certified prior to payment. The Finance Office shall be responsible for insuring that appropriate procedures are established and used for payment after invoices are received to include timely payments and to ensure that discounts are received and late charges avoided.

2.5 Over Expenditures. It is the responsibility of the purchaser to track purchase order and line item balances. Requisitions shall not be approved or processed for issuance of purchase orders in cases that line items will be over expended, except as approved by the Finance Office in accordance with State and County regulations and provisions, and provided there are legally sufficient budget balances available elsewhere. It shall be the primary responsibility of the authorized user to insure sufficient funds are available prior to initiating a purchase. The Finance Office shall provide sufficient information, data, or reports, upon request, to keep purchasers properly updated on budget balances, and shall notify any office, department, or agency head, after analysis of the monthly budget report, of any indications of any existing or impending budget balance problems.

2.6 Purchasing Card (P-Card) Purchases. Authorized p-card users shall attempt to utilize the card whenever possible, subject to the guidelines set forth in this policy and the Luna County Purchasing Card Policy (aka Cardholder Agreement attached hereto). All purchases made using the p-card shall be approved by an authorized Approver or Finance Officer. Compliance with purchasing guidelines will be reviewed monthly on all statements. All statements will be randomly audited monthly for compliance. Purchase cards are to be returned upon termination or resignation and must be used solely for permissible County business purposes.

A. Monthly Statements: All users shall complete a reconciliation of their p-card statement by the 6th of each month. All users must submit a copy of the statement along with original receipts and purchase orders for all purchases to the Finance Office by 5:00 PM on the 10th day of each month. Users who fail to reconcile by the deadline may be subject to card revocation.

B. Cardholder Process: All users are required to log in to Wells Fargo Commercial Site using their credentials to access their account. Users are required to reconcile their statement ensuring correct line items, descriptions, purchase order numbers, verify tax charges, and check receipt box. After all charges are reconciled and verified, the statement reviewed tab must be clicked to finalize review. The statement shall be printed and included in your p-card packet along with supporting documentation as referenced in 2.6 A.

C. Approver Process: Once 2.6 B process is completed, the approver reviews the statement online and verifies accuracy.

D. Finance Office Process: All monthly statements and required documentation will be reviewed by the Finance Administrator, or designee, for permanent filing. The Finance Office shall distribute financial reports to each Department/Office monthly.

- 2.7 Competitive Purchases.** Authorized users shall ensure that all purchases are made at the best possible prices. Purchases shall be made in accordance with the following provisions:
- A. \$1,500.00 or less.** Purchases may be processed without quotations. Award can be made without securing competition if the user determines that the price received is reasonable. The user is not precluded from obtaining quotes from more than one vendor if the user suspects that the price is not reasonable or determines that it is in the best interests of Luna County.
 - B. \$1,500.01-\$5,000.00.** Purchases may be processed without written quotations however documentation stating attempts to obtain a minimum of three (3) quotes must be submitted.
 - C. \$5,000.01 to \$59,999.99.** A minimum of three (3) bona fide written quotes must be obtained on the offering vendor's official letterhead, quote form, or email, and submitted for approval to the Finance Office. The Finance Office reserves the right to seek additional confirmation or information regarding any quote and may request additional quotes be obtained. All users are required to consult with the Chief Procurement Officer prior to moving forward with any purchases anticipated to be over Five Thousand Dollars (\$5,000.00).
 - D. \$60,000.00 and Above.** All purchases exceeding Sixty Thousand Dollars (\$60,000.00) require formal bid or request for proposal procedures as specified by State regulations and shall be processed and executed by the Finance Office. Such purchases must be approved in the current budget, and purchases not approved in the current budget require approval by the LCBCC prior to obtaining formal solicitation. Formal responses may be rejected by the Finance Office or County Manager in the event that they are in excess of budgetary limits, are non-responsive to specifications, or due to irregularities in the bids specifications.
 - E. Written Quote Exceptions.** In the event there are not three (3) known vendors which have materials, good or services available, the purchaser must consult with the Finance Office.
 - F. State or Federal Purchasing Contracts and Cooperative Purchasing Exceptions.** Quotations or bids are not required for purchases under this section. Purchases may be made providing that the vendor has a Statewide Price Agreement (SPA) or Federal Purchasing Contract or a qualified, documented procurement done by another State or local government agency. Any such utilization of such purchases must include appropriate written authorization for Luna County's use either in the original solicitation or in writing by both the original procuring agency and the vendor. The Finance Office shall keep copies of all federal, state or other such contracts for a period of seven years.

Federal and/or State contract numbers must be identified on the requisition and/or p-

card statement, and a copy of the contract must be kept on file by the Finance Office, either physically or electronically, for a period of seven years.

The County may purchase items cooperatively through another public body's bid or request for proposals process, provided the original solicitation was conducted consistent with the New Mexico State Procurement Code. Complete copies of the original solicitation documents, vendor responses, verification of award, and any other pertinent information shall be kept on file by the Finance Office for a period of seven years.

- G. Bid Specifications.** Specifications should be written primarily to address the needs of Luna County for a specific item or to perform a specific function. Specifications written for purchases shall not be "closed or exclusive", or otherwise written in such a way as to intentionally favor or exclude a vendor. Reference to specific types or quality shall be followed by the wording "or equal" and all specifications regardless of wording shall be considered as "or equal". It shall be the authorized users' responsibility to insure that all specialized technical aspects of specifications are correct and appropriate. It shall be the Finance Office's responsibility to review and insure that all other provisions, procedures and considerations are correct and appropriate, and to address any questionable, unusual or inappropriate specifications prior to processing. The bidding process may be waived by the Finance Office in cases that a vendor has a State, Federal or other qualified Purchasing Contract.

All bids submitted to the LCBCC for award shall indicate whether a State or Federal Purchasing Contract is available and those contracts shown for comparison. These contract prices may be considered as an option for award.

H. Small Purchases.

- A.** A central purchasing office shall procure services, construction or items of tangible personal property having a value not exceeding Sixty Thousand Dollars (\$60,000.00), excluding applicable state and local gross receipts taxes, in accordance with the applicable small purchase rules adopted by the secretary, a local public body or a central purchasing office that has the authority to issue rules.
- B.** Notwithstanding the requirements of Subsection A of this section, a central purchasing office may procure professional services having a value not exceeding Sixty Thousand Dollars (\$60,000.00), excluding applicable state and local gross receipts taxes, except for the services of landscape architects or surveyors for state public works projects or local public works projects, in accordance with professional services procurement rules promulgated by the Department of Finance and Administration, the General Services Department or a central purchasing office with the authority to issue rules.

2.8 Sole Source Purchase.

Thirty days (30) prior to the award of a sole source procurement contract, the local public body central purchasing office shall post the information described in Section A, B and C below on the County's web site. A contract may be awarded without competitive sealed bids or competitive sealed proposals regardless of the estimated cost when the state purchasing agent or a central purchasing office determines in writing that there is only one source for the required service, construction or item of tangible personal property. The service, construction or item of tangible personal property is unique and this uniqueness is substantially related to the intended purpose of the contract. The state purchasing agent or a central purchasing office shall use due diligence in determining the basis for the sole source procurement, including reviewing available sources and consulting the using agency, and shall include its written determination in the procurement file. The state purchasing agent or a central purchasing office shall conduct negotiations, as appropriate, as to price, delivery and quantity in order to obtain the price most advantageous to the entity which constitutes a sole source procurement. The central purchasing office shall maintain, for a minimum of three years, records of all sole source procurements. The record of such procurement shall be public record and shall contain:

- A. The contractor's name and address;
- B. The amount and term of the contract;
- C. A listing of the services, construction, or items of tangible personal property procured under the contract; the justification for the procurement method; and names of other vendors contacted.

2.9 Purchase of Inventory Items

- A. All capital outlay and non-expendable supply purchases are considered inventory items and shall be noted as such on the purchase order or p-card statement. It shall be the responsibility of the Finance Office to identify inventory items in accordance with all current State and County provisions and laws.
- B. Accessories to new capital purchases may be purchased as part of the capital purchase provided funds are budgeted, noted on the purchase order, and assigned the same fixed asset number as the original capital purchase.

2.10 Procurement of Professional Services.

Professional services shall not exceed \$60,000 in a single fiscal year. Services shall be procured at the best value for Luna County. Professional services exceeding \$60,000 will be solicited as outlined in the Procurement Code.

2.11 Personal Use Prohibited. No purchases shall be made for the purpose of personal or private use.

SECTION III: NON-STANDARD, URGENT AND EMERGENCY PURCHASING PROCEDURES

3.1 Non-Standard, Urgent and Emergency Procedures:

General Provisions. The provisions of this section apply to all purchases except those purchases subject to the standard purchasing procedures specified in Section II of this Policy. Generally, this section includes all purchases which are justifiably urgent, are emergencies, due to insufficient time required for standard processing, or involve other non-standard procedures. It is the responsibility of the authorized user to ensure that all purchases made under provisions of this section are immediate and unforeseen. Questionable purchases shall be reported to and reviewed by the County Manager. Purchases that could have been reasonably pre-planned or anticipated shall not be considered as an emergency or urgent purchase.

3.2 Urgent or Emergency Purchases. Urgent or Emergency purchases are permissible provided: They area in accordance with the following provisions:

- A. **Urgent Purchases.** An urgent purchase is a local or non-local purchase during or after normal working hours of the Finance Office that justifiably requires immediate purchase and which cannot reasonably or practicably be telephoned in to the Finance Office to obtain a purchase order number prior to the purchase being made. Written justification and requisition must be submitted to the Finance Office or County Manager by the next business day. If deemed an urgent purchase, a purchase order will be issued within three (3) normal working days after the purchase was made.
- B. **Emergency Purchases.** The state purchasing agent or a central purchasing office may make emergency procurements when there exists a threat to public health, welfare, safety or property requiring procurement under emergency conditions; provided that emergency procurements shall be made with competition as is practicable under the circumstances.

An emergency condition is a situation that creates a threat to public health, welfare, or safety such as may arise by reason of floods, fires, epidemics, riots, acts of terrorism, equipment failures or similar events and includes the planning and preparing for an emergency response. The existence of the emergency condition creates an immediate and serious need for services, construction or items of tangible personal property that cannot be met through normal procurement methods and the lack of which would seriously threaten:

1. The functioning of government;
2. The preservation or protection of property; or
3. The health or safety of any person.

Emergency procurements shall not include the purchase or lease purchase of heavy road equipment.

The state purchasing agent or a central purchasing office shall use due diligence in

determining the basis for the emergency procurement and for the selection of the particular contractor. The determination shall be in writing and included in the procurement file. Money expended for planning and preparing for an emergency response shall be accounted for and reported to the legislative Finance committee and the Department of Finance and Administration within sixty (60) days after the end of each fiscal year.

Prior to the award of a sole source procurement contract, the local public body central purchasing office shall post the information described below in this section on the local public body web site, if one exists.

Within three business days of awarding an emergency procurement contract, the awarding central purchasing office shall post the information described below in this section on the sunshine portal:

All central purchasing offices shall maintain, for a minimum of three years, records of sole source and emergency procurements. The record of each such procurement shall be public record and shall contain:

1. The contractor's name and address;
2. The amount and term of the contract;
3. A listing of the services, construction or items of tangible personal property procured under the contract;
4. Whether the contract was a sole source or emergency procurement contract; and
5. The justification for the procurement method.

C. **Urgent or Emergency Purchase Orders.** All urgent or emergency purchase orders shall have the words "Urgent" or "Emergency" documented on the form as is applicable, and shall be accompanied by a receipt or invoice for the purchase.

D. **Justification.** All emergency and urgent purchases shall be justifiable and the top level Department Director or Elected Official shall be responsible for attaching a written justification.

3.3 Open Purchase Orders. For the purpose of this Policy, open purchase orders are purchase orders against which multiple billings will be submitted over a specific period of time. All open purchase orders shall be accompanied by any required applicable documentation. All open purchase orders shall include a general description of anticipated items to be purchased.

Authorization to use open purchase orders in all cases shall require adherence to Section 2 of this Policy and prior approval by the Finance Office. The open purchase order shall include an estimated total cost of all purchases anticipated during the specific period. Actual invoices for all purchases made using an open purchase order shall be submitted to the Finance Office upon receipt and the final invoice shall be marked FINAL to denote closing of the open purchase order.

Open Purchase Orders shall not be used for the purchase of items to be tagged as inventory or fixed assets items.

Cases of improper use of open purchase orders shall be reported to the County Manager.

3.4 Used Equipment and Item Purchases. Used equipment purchases shall be made in accordance with Section II of this Policy to include the following provisions:

The County Manager is authorized to approve purchases of used equipment or items not to exceed the amount of funds appropriated for such purposes. Used equipment or items with a price or estimated value of Twenty Thousand Dollars (\$20,000.00) or more shall require bids as though the items were new, adding specifications that permit used items under conditions to be outlined in the bid specifications including but not limited to requiring a written warranty for at least ninety (90) days after date of delivery, and an independent "certificate of working order" by a qualified mechanic or appraiser.

3.5 End of Fiscal Year. Special purchasing procedures shall be followed to insure that State laws and regulations and proper accounting procedures are followed to appropriately close out at the end of the fiscal year. Provisions are as follows:

- A. From May 21st of each Fiscal Year through year end:** No items that will be placed on inventory or tagged for fixed assets may be purchased without prior written approval of either the County Manager or the Finance Office.
- B. 30 days prior to year ending:** 30 days prior to the end of the fiscal year, purchase orders will be issued only for purchases in which invoices will be received within an estimated fifteen (15) days, except as otherwise specifically approved by the Finance Office.
- C. 15 days prior to year ending:** There shall be no purchase orders issued or processed within 15 days prior to the end of the fiscal year except in urgent or emergency purchases.

SECTION IV: FIXED ASSETS - ADMINISTRATION & RESPONSIBILITY

4.1 General Purpose: The purpose of this Section is to establish order, system, and process for the administration, processing, recording, and accountability of County fixed assets.

4.2 Definition of Fixed Asset- Capitalized Property, and Non-Capitalized Property: For the purpose of this Policy, a fixed asset is any property or material that has been classified as a valuable and pilferable item. There are two separate and distinct categories of fixed assets:

- A. Capitalized Fixed Asset** is any property or material item that has a value of Five Thousand Dollars (\$5,000.00) or greater and an expected useful life which exceeds one year and which will not lose its identity even if installed in other equipment. Capitalized property will be placed in the permanent fixed asset inventory control records and recorded in the general ledger. Capitalized Fixed

Assets purchased with federal dollars will be identified in the permanent record.

- B. **Non-Capitalized Fixed Asset** is any property or material item that has a value under Five Thousand Dollars (\$5,000.00). Non-Capitalized Fixed Assets will be placed in the non-capitalized inventory control records and are not recorded in the general ledger. A listing of non-capitalized equipment classified as small assets is provided in paragraph 5.8 below.
- C. Capitalized Fixed Assets and all computers require tagging for control purposes.

4.3 Administrative Responsibility: The Finance Office is assigned the general responsibility for the administration, processing, recording and accountability procedures and provisions for fixed assets in accordance with this Policy and in accordance with the most current generally accepted management techniques; all provisions of law, all applicable Federal, State and County policies and procedures; and as otherwise deemed appropriate by the County Manager. The County Manager shall be authorized to issue any supplement consistent with this Policy deemed necessary to administer, manage, or clarify this Policy.

4.4 Annual Fixed Asset Inventory:

- A. **Physical Inventory:** In coordination with the Fixed Assets Specialist, each Elected Official and Department Director must submit a certified Statement which includes a complete list of inventory and location of assigned fixed assets, verifying that a complete, on-site inventory of all fixed assets under their supervision has been completed in the following manner:
 - 1. A physical check that each item in their possession is included on the departmental inventory list; and
 - 2. All items on the departmental inventory list are present and accounted for.
- B. **Review and Approval of Fixed Assets Inventory.** The County Manager and Finance Office shall reconcile the certified physical inventory, specifying any changes or differences in the fixed assets, and submit a report to the LCBCC for review and approval. The LCBCC shall approve by resolution an official listing of all changes to the County fixed assets prior to the end of the second month of each fiscal year. The resolution shall also include a separate list of all fixed assets from one office or department to another and all items listed as missing or stolen. In addition, the Elected Official or Department Director of each office or department shall, by such resolution, be assigned the custodial responsibility over all fixed assets listed under their supervision as stated in the certified inventory approved by resolution. Such custodial responsibility shall be retained except as approved by official transfers of fixed assets or of custodians in accordance with provisions of this Policy.

4.5 Custodian Responsibility: It shall be the responsibility of the Elected Official or Department Director designated as Custodian of any County fixed assets to insure the appropriate care, safeguard, location, maintenance, and security of those fixed assets, and to insure that all fixed assets assigned or otherwise under their responsibility are purchased,

received, processed, and otherwise managed in accordance with this Policy and supplements thereof. Custodians shall assume full responsibility for all fixed assets assigned.

- 4.6 Change in Custodian Responsibility:** At the time of a change of Elected Official or Department Director, the Finance Office shall conduct a physical inventory of fixed assets assigned to that custodian to ensure that all fixed assets are present and accounted for. The County Manager shall review the items found to be missing, lost or stolen prior to release of final payroll to the affected Elected Official or Department Director. An interim custodian, usually the second in command, shall be assigned the custodial responsibility until the new Elected Official or Department Director assumes responsibility. The incoming Elected Official or Department Director shall then be responsible to complete a physical inventory for the fixed assets assigned to his/her department and certify that it has been reconciled to the physical inventory performed by the Finance Office.
- 4.7 Knowledge of Provisions:** A copy of this Policy and all supplements shall be given to each designated custodian who shall sign for and be required to be knowledgeable about, understand, and comply with the provisions of this Policy.
- 4.8 Enforcement:** Actions that appear to be a violation of this Policy shall be reviewed by the County Manager and if deemed a violation, the County Manager may proceed with any process in accordance with applicable policies, ordinances, or laws.

SECTION V: FIXED ASSETS - PROCESSING PROCEDURES

- 5.1 Verification:** The Finance Office shall determine if it is a fixed asset. If it is determined as a fixed asset, it shall be verified that it is a budgeted item.
- 5.2 Purchasing Fixed Assets:** Fixed Assets shall be purchased in accordance with the provisions of Section II. All fixed asset purchases shall be noted as such on the purchase order or p-card statement.
- 5.3 Recording of Fixed Asset:** The fixed asset shall be entered by the Finance Office in the computer fixed asset data file to include all pertinent information and data required and as otherwise deemed appropriate by the Finance Office or County Manager. In addition, it shall be the responsibility of the Finance Office to appropriately update and maintain a Permanent Fixed Asset Record File to include the following for each fixed asset after the effective Date of this Policy:
- A. Copy of the purchase order and/or p-card report;
 - B. Original of the Fixed Asset Record Form;
 - C. Copy of the Invoice;
 - D. Copy of the approved voucher for payment;
 - E. Copies of all warranties, specifications, contract, agreements, or other pertinent applicable documents.

- 5.4 Transfers of Fixed Assets and Custodian:** Custodians shall assume full responsibility for all permanent transfers of fixed assets to their location and shall be held fully accountable for the fixed asset while in their possession. Notification of County Manager approved transfer shall be submitted to the Finance Office for tracking purposes.
- 5.5 Disposal of Fixed Assets or County Property:** Disposal of fixed assets and/or County property shall be in accordance with all applicable laws. Normally, disposal of fixed assets and county property requires that the item be auctioned or as otherwise required by New Mexico State Statutes. However, it shall be the responsibility of the Finance Office to ensure that all fixed assets and County property are disposed of appropriately and legally upon notice of intent to dispose by an office or department. It is the responsibility of the Office or Department custodian to notify the Finance Office of intent to dispose of any item.
- 5.6 Property - Missing, Lost or Stolen:** It shall be the responsibility of each custodian to report to the County Manager immediately an item that has been discovered to be missing, lost, or stolen. The County Manager will appoint a review board to determine the disposition of each item. The Finance Office will be charged with permanently removing such items from the Luna County Fixed Asset Records.
- 5.7 Inventory Control and Annual Inspection:** It shall be the responsibility of each custodian to appoint an inventory officer to inspect and oversee the office or department inventory and to ensure that the inventory is appropriately protected, safeguarded, maintained, and repaired, and is physically inspected, present, and accounted for and certified annually as required by the Annual Fixed Asset Resolution in Section 4.4B of this Policy. The Finance Office may conduct random physical inventory of certain items to verify that the computerized fixed asset file contains accurate information.
- 5.8 Small Assets / Federally Funded Item listing:** Certain equipment may be classified as a small asset and controlled on inventory as non-expendable items if determined advantageous by the County. All federally funded purchases must be classified per The Uniform Guidance or grant agreements. Following is a list of items that may be considered controlled inventory items, but is not limited. Items not listed may be required to be controlled on inventory at the discretion of the County at any time.

Cellular Telephones	Chairs	Communication Radios
Computers	Digital Cameras	Digital Recorders
Tables	Television	Tools

SECTION VI: CAPITALIZATION & INFRASTRUCTURE RECORDING

- 6.1 Definition and Purpose:** All county network systems, equipment, buildings and land with an initial cost of Five Thousand Dollars (\$5,000.00) or more shall be capitalized.

6.2 Capitalization Categories: The categories that fixed assets will be divided into for the purpose of capitalization include:

- A. Land
- B. Buildings
- C. Improvements
- D. Machines and Heavy Equipment
- E. Equipment
- F. Infrastructure (subcategories listed in 6.3)

6.3 Infrastructure Categories: The Infrastructure Category is further divided into five Subcategories as follows:

- A. Major Road System (Paved/Chip & Seal Roads)
- B. Currently Maintained Roads (i.e., dirt, gravel)
- C. Not Currently Maintained Roads
- D. Bridges
- E. Other (Cattle guards and Culverts)

6.4 Infrastructure Reporting by Subcategory:

- A. Paved/Chip and Seal Roads:** The Road Department shall determine a dollar value for one mile of Paved/Chip and Seal Road. This value will be calculated using the previous year's actual salary and benefit costs to determine labor cost, New Mexico State Highway and Transportation Department force account hourly rates to determine equipment costs and actual material costs. These costs will be applied to a typical chip and sealed roadway, twenty-four (24) feet in width, and calculated for a one-mile segment of Maintained Road (unpaved). The total value for a one-mile segment of Paved/Chip and Sealed Road shall be multiplied by the number of miles of Paved/Chip and Sealed Road. Annual additions or deletions shall be calculated utilizing the most current year-end costs.
- B. Maintained Roads (unpaved):** The Road Department shall determine a dollar value for one mile of Maintained Road (unpaved). This value will be calculated using actual salary and benefit costs to determine labor cost, New Mexico State Highway and Transportation Department force account hourly rates to determine equipment costs and actual material costs. These costs will be applied to a typical maintained but unpaved roadway, twenty-eight feet (28') in width, and calculated for a one-mile segment. The total value for a one-mile segment of Maintained Road shall be multiplied by the number of miles of Maintained Road. Annual additions or deletions shall be calculated utilizing the most current year-end costs.
- C. Bridges:** The value of the bridges in the Road Network shall be supplied to the Finance Office by the Road Department.
- D. Other:** The value of the cattle guards and culverts and other capital assets in the Road Network shall be supplied to the Finance Office by the Road Department.

- 6.5 Appreciation/Depreciation of Fixed Assets:** The appreciation and depreciation of capital assets shall be determined as follows for each category:
- A. Land:** There is no requirement to allocate depreciation expense on capital assets in this category.
 - B. Buildings:** Depreciation in this category will be a straight line. Depreciation is based on a life expectancy of forty (40) years.
 - C. Improvements:** Depreciation in this category will be a straight line. Depreciation is based on the appropriate life expectancy depending on the category of the improvement.
 - D. Machines and Equipment:** Depreciation in this category will be a straight line. Depreciation determined by the following schedule:
 - Vehicles (one ton and under) - Five (5) years
 - Vehicles (over one ton) - Ten (10) years
 - Off road equipment - Fifteen (15) years
 - Fire Department Pumpers - Twenty-five (25) years
 - Fire Department Tankers - Thirty (30) years
 - E. Equipment:** Depreciation in this category will be a straight line. Depreciation based on a life expectancy of five (5) years.
 - F. Infrastructure:** As long as infrastructure assets are maintained within their assigned subcategories, roads, bridges and other assets shall be adjusted based on the most current annual costs calculations.

6.6 Annual Review: Each year the value of capital assets shall be reviewed and recalculated in preparation for the year end close-out.

SECTION VII: REIMBURSEMENT OF PUBLIC OFFICIALS AND EMPLOYEES FOR TRAVEL EXPENSES AND ATTENDING MEETINGS

A county employee or officer may elect to use a Luna County issued Purchase card (P-Card) for actual expenses incurred while traveling on official business. Actual receipts must accompany the monthly expense report. Employee must obtain County Manager or designee approval for any lodging above the base rate (prior to travel date). The following limits apply while using your P-Card for travel:

Limit for lodging (base rate – does not include taxes and fees):

\$85 / night - within the state but away from home (lodging only).

\$135 / night - in Santa Fe (lodging only)

\$115 / night - outside the state on official business, or,

not to exceed \$215 when \$115 is inadequate to that geographical area out of State, or actual (only when more affordable lodging is unavailable or impractical, and only with prior approval of LCBCC/County Manager) (lodging only)

Limit for meals:

\$30 maximum for every 24-hour period traveling in state (meals only)

\$45 maximum for every 24-hour period traveling out of state (meals only)

Tips: Employees may tip for meals up to a maximum of \$6.00 for every 24-hour period
This amount is above the provided limit for meals.

Limit for return from overnight travel:

\$12 for 2.00 to 5.99 hours beyond the last 24-hour period (meals only)

\$20 for 6.00 to 11.99 hours beyond the last 24-hour period (meals only)

Limit for meals for non-overnight travel (for the number of hours worked above 8, in a 9-hour period):

\$12 for 2.00 to 5.99 hours beyond the normal work day (meals only)

\$20 for 6.00 to 11.99 hours beyond the normal work day (meals only)

A county employee or officer may elect to receive per diem without regard to whether expenses are actually incurred.

Overnight Travel Per Diem Rates:

\$85 within the state but away from home (meals and lodging)

\$135 in Santa Fe (meals and lodging)

\$115 outside the state on official business, or,

not to exceed \$215 when \$115 is inadequate to that geographical area out of State, *or actual* (only when more affordable lodging is unavailable or impractical, and only with prior approval of LCBCC/County Manager) (meals and lodging)

Non-Overnight Travel Per Diem Rates for number of hours worked above 8, in a 9-hour period:

\$12 for 2.00 to 5.99 hours beyond the normal work day (meals only)

\$20 for 6.00 to 11.99 hours beyond the normal work day (meals only)

\$30 for 12.00 hours or more beyond the normal work day (meals only)

\$45 for 12.00 hours or more beyond the normal work day, out of state (meals only)

A county employee or officer may elect to receive reimbursement of actual expenses in lieu of per diem rates. Actual receipts must accompany the reimbursement request. Employee must obtain County Manager or designee approval for any lodging above the base rate (prior to travel date). If the employee chooses to receive actual reimbursement instead of receiving per diem, the following limits apply:

Actual reimbursement for lodging (base rate – does not include taxes and fees):

\$85 / night - within the state but away from home (lodging only).

\$135 / night - in Santa Fe (lodging only)

\$115 / night - outside the state on official business, or,

not to exceed \$215 when \$115 is inadequate to that geographical area out of State, *or actual* (only when more affordable lodging is unavailable or impractical, and only with prior approval of LCBCC/County Manager) (lodging only)

Actual reimbursement for meals:

\$30 maximum for every 24-hour period traveling in state (meals only)

\$45 maximum for every 24-hour period traveling out of state (meals only)

Tips: Employees may tip for meals up to a maximum of \$6.00 for every 24-hour period
This amount is above the provided limit for meals.

Limit for return from overnight travel:

\$12 for 2.00 to 5.99 hours beyond the last 24-hour period (meals only)

\$20 for 6.00 to 11.99 hours beyond the last 24-hour period (meals only)

Limit for meals for non-overnight travel (for the number of hours worked above 8, in a 9-hour period):

\$12 for 2.00 to 5.99 hours beyond the normal work day (meals only)

\$20 for 6.00 to 11.99 hours beyond the normal work day (meals only)

Actual reimbursement for mileage:

80% of The Internal Revenue Service ("IRS") standard mileage rate set January 1st of the previous year for each mile traveled in a privately owned vehicle, and only with prior approval of LCBCC/County Manager.

Miscellaneous Other Expenses:

Reasonable expenses for ordinary and necessary business costs with approval of the Department head.

Travel advances are authorized by the Board in hardship cases approved by the County Manager, for no more than 80% of the anticipated per diem costs, for trips lasting more than 3 days (72 hours) but less than 7 days. Any refunds or overages shall be repaid within 5 working days of return. Travel advances may also be authorized for approved out of state travel. Requests for travel advances shall be made in writing at least 2 weeks in advance of the proposed travel.

Approved, passed and signed this 8th day of June of 2017 by the Luna County Board of County Commissioners.

LUNA COUNTY BOARD OF
COUNTY COMMISSIONERS LUNA
COUNTY, NEW MEXICO

ATTEST:

Linda M. Smrkovsky
Linda M. Smrkovsky, Chairperson

Andrea Rodriguez
Andrea Rodriguez, Luna County Clerk
by Berenka McWhitt
Chief Deputy clerk

FORMS

STATE OF NEW MEXICO
COUNTY OF LUNA
700 SOUTH SILVER AVENUE
P.O. DRAWER 551
DEMING, NEW MEXICO 88031-0551
(505) 546-0494 FAX (505) 546-4708



LUNA COUNTY PURCHASE CARD CARDHOLDER AGREEMENT

You are being entrusted with a Luna County WellsOne Card, issued by Wells Fargo Bank. The card is provided to you to take care of your need to purchase materials for Luna County. It is not an entitlement nor reflective of title or position. The card may be revoked at any time without your permission. Your signature below indicates that you have read and will comply with all of the terms of this agreement.

1. I understand that I will be making financial commitments on behalf of Luna County and will strive to obtain the best value for the County.
2. I will follow the Luna County Procurement Policy and the WellsOne Card Policy. (A copy of the Luna County Procurement Policy provided to you.) Failure to do so will be considered as misappropriation of Luna County funds. Failure to comply with this Agreement will result in termination.
3. I understand that under **no** circumstances will I use the WellsOne Card to make **personal purchases, either for myself or for others**. Using the card for personal charges will be considered misappropriation of Luna County funds and will result in termination of employment.
4. I agree that should I violate the terms of this Agreement and use the WellsOne Card for personal use or gain that I will reimburse Luna County for all incurred charges and any fees related to the collection of those charges.
5. The WellsOne Card is issued in my name. I will not allow any other person to use the card. I am considered responsible for any and all charges against the card.
6. The WellsOne Card is County property. As such, I understand that I may be periodically required to comply with internal control procedures designed to protect Luna County assets. This may include being asked to produce the card to validate its existence and account number.
7. **If the card is lost or stolen, I will immediately notify Wells Fargo Bank by telephone at 1-800-932-0036 and Joanne C. Hethcox at 575-543-6574.**
8. I may receive a notification to go online to get my On-Line expense report, which will report all purchasing activity during the statement period. As I am responsible for all

charges (but not for payment) on the card, I will reconcile the statement and resolve any discrepancies by either contacting the supplier or Wells Fargo Bank.

9. If I wish to be reimbursed for out of pocket expenses (like mileage, and on-street parking), I will complete my profile on-line, (I understand that I am the only one who can see this information) and hereby give Luna County permission to automatically debit or credit my account.
10. I agree to surrender the WellsOne Card immediately upon termination of employment, whether for retirement, voluntary or involuntary reasons.

Employee Name (Print)

WellsOne Card Account Number

Employee Signature

Date

URGENT PURCHASE

Required immediate purchase to which could not reasonably or practicably be telephoned into the Finance Office to obtain a Purchase Order number prior to the purchase.

Date: _____

The attached Invoice Number _____ purchased on _____, 20__

from Vendor _____ purchased at _____ am/pm being submitted for

payment from line item: _____

The following reasons substantiate this purchase made without pre-authorization at a time other than regular business hours of the Finance Office.

Signed by: _____

Title: _____

- ☐ Above urgent purchase allowed
- ☐ Above urgent purchase must go before LCBCC
- ☐ Additional information is needed before approval is allowed
- ☐ Appears to be an ongoing situation

COMMENTS:

Signed by: _____

Title: _____

EMERGENCY PURCHASE

An emergency condition is a situation which creates a threat to public health, welfare or safety – creating an immediate and serious need for services, construction or urgent purchases without which would threaten the function of government preservation or protection of property, or the health or safety of any person.

Date: _____

The attached Invoice Number _____ purchased on _____, 20____

from Vendor _____ purchased at _____ am/pm being submitted for
payment from line item: _____

The following reasons substantiate this purchase made without pre-authorization at a time other than regular business hours of the Finance Office.

Signed by: _____

Title: _____

Emergency conditions must be determined by the County Manager with the consensus of the LCBCC.

- ☐ Above emergency purchase allowed
- ☐ Above emergency purchase must go before the LCBCC
- ☐ Additional information is needed before approval is allowed
- ☐ Appears to be an ongoing situation

COMMENTS:

Signed by: _____

Title: _____

PROCUREMENT VIOLATION FORM

Date: _____

Department: _____

Employee who made the purchase: _____

Name of Vendor: _____ Invoice#: _____

All officers, authorized users and their supervisors are responsible for knowing, understanding and adhering to the provision of state laws, regulations and Luna County Procurement Policy.

- *Any deviation from these provisions shall be reviewed by the Finance Office and the County Manager, and if a violation has occurred, it may be reported to the LCBCC.*
- *Continuous or repeated minor violations of this policy can result in referral for disciplinary action.*
- *Criminal violations can result in prosecution and/or penalties as per NMSA.*

This invoice is in violation of procurement for the following reasons(s) (check all that apply):

- ☐ Purchase Order is not provided
- ☐ Invoice is dated prior to the Purchase Order date
- ☐ Invoice exceeds the amount stated on Purchase Order
- ☐ Documentation for purchases is not provided
- ☐ Invoice incomplete: No invoice number/ No invoice date/No vendor name/No purchase order number
- ☐ No certification signature/no certification date
- ☐ Other: _____

Please return this invoice with your written justification on Page 2 for deficient item(s) to the Finance Department for compliance review and comment. **DO NOT DETACH THIS FORM FROM ITS INVOICE. PLEASE USE ATTACHED SHEET PROVIDED FOR JUSTIFICATION.**

FOR ELECTED OFFICIAL/DEPARTMENT DIRECTOR/SUPERVISOR USE ONLY:

I acknowledge that the invoice in question does not comply with the procurement law(s), regulation(s) and/or Luna County policy. Please accept the attached documentation as justification for this purchase.

Elected Official/Department Director/Supervisor Signature - Date

FOR COUNTY MANAGER USE ONLY:

Pursuant to Section _____ of the Luna County Procurement Policy, I have reviewed the attached information, find the justification appropriate and authorize the Finance Department to pay the invoice in dispute.

County Manager's Signature – Date

PROCUREMENT VIOLATION FORM

Office Use Only

You have two (2) days to certify receipt for the payment process with your justification.

This box is provided for Elected Official/Department Director/Supervisor justification as to why the item(s) marked were not in compliance.

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.

Course of action taken:
