



2012 BUDGET DEVELOPMENT PROCESS

Budget Discussion Item

Discussion Item: Centralized Purchasing of Supplies, Furniture & Equipment
Agenda Item No.: 27932/18.C.6.

Background / Description:

Procurement is an essential county government business function. The County Purchasing Act provides for a centralized purchasing operation by allowing Commissioners Court to appoint a Purchasing Agent to oversee the procurement process of the county (refer to Texas Local Government Code Section 262.0115). Most procurement techniques are fundamentally the same, however, the significant difference is that public expenditures are made with taxpayer dollars, and therefore, subject to tighter regulations, more intensive scrutiny and a greater degree of accountability than the private sector.

The major advantage of centralized procurement is that it provides the greatest control over taxpayers dollars. It also provides cost savings by consolidating purchases for volume discounts. With the utilization of a professional purchasing staff, the county should benefit from a streamlined administrative function, including the establishment of term (annual requirements) contracts, the use of standardized specifications, and the standard contract terms and conditions.

Centralized control improves relations with the business community, by providing a single source of information for businesses. A single source of contact for the public reduces their frustration and confusion regarding public procurement procedures. Also, central procurement control helps to ensure the fair and equitable treatment of all vendors.

Currently, Hidalgo County is striving to establish a centralized purchasing process for the purchases of goods and services, including supplies, furniture, and equipment. The Hidalgo County Purchasing Department is always striving to obtain the best possible lowest prices by means of competitive bidding and by utilizing State cooperative agreements for the purchase of goods and services. In addition, the Purchasing Department is in charge of a centralized inventory control (i.e. tagging and maintaining the county's fixed asset inventory), which is also a component of a centralized purchasing process. The Hidalgo County Purchasing Department serves as the central point of contact for all vendors doing business with the county.

Budgetary Impact:

By establishing a centralized procurement process, the long-term costs savings for Hidalgo County are many. Several Texas counties have implemented a centralized purchasing process by allowing their Purchasing Department make all purchases of goods and services for all county offices and departments, as permitted by the County Purchasing Act, including Harris County, Bexar County, and Tarrant County.