

RESOLUTION NO. 18 - 19

**RESOLUTION REVISING AND RE-ADOPTING
FINANCIAL MANAGEMENT RULES AND PROCEDURES
FOR COUNTY DEPARTMENTS**

WHEREAS, the County Commissioners of Worcester County, Maryland (hereafter "County Commissioners") are entrusted by the taxpayers and citizens of Worcester County with the responsibility to adequately safeguard the public funds of the County and ensure that such funds are properly spent and accounted for; and

WHEREAS, the County Commissioners passed and adopted a Resolution on February 13, 1990 which was subsequently revised and re-adopted by Resolution No. 02-46 on November 19, 2002 to provide Financial Management Rules and Procedures for County Departments which consolidated all budget procedures, purchasing procedures, and other financial management matters into one document in order to ensure that all County Department Heads were familiar with said rules and procedures; and

WHEREAS, the County Commissioners have determined it to be necessary and advisable to update said Rules and Procedures;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COMMISSIONERS OF WORCESTER COUNTY, MARYLAND that the Financial Management Rules and Procedures for County Departments adopted by Resolution No. 02-46 on November 19, 2002 are hereby repealed and re-adopted to read as follows:

**WORCESTER COUNTY
FINANCIAL MANAGEMENT RULES AND PROCEDURES
FOR COUNTY DEPARTMENTS**

I. **Budget Procedures.** The budget procedures described herein are in addition to the requirements set forth in Section CG 4-201 of the County Government Article of the Code of Public Local Laws of Worcester County, Maryland governing the County Expense Budget. That Section is attached hereto as Appendix "A".

A. **Annual Budget Submission:** Each Department Head shall annually submit a requested budget for the next fiscal year. The requested budget shall be submitted to the Chief Administrative Officer on such date as identified in the Budget Adoption Schedule approved by the County Commissioners for that year. The budget shall be submitted in such manner and in such form as the Chief Administrative Officer may prescribe. The requested budget shall consist of a personnel budget and detailed expense budget which shall include comparative data showing amounts approved for the current year and amounts actually expended for the current year for each line item.

Agencies which maintain their own separate cash fund accounts shall be required to submit, as part of their requested budget, current balance sheets which shall indicate assets, liabilities, and restricted and unrestricted fund balances.

- B. **Budget Approval and Authorization:** The County Commissioners shall approve an annual budget for each department and agency. Approval of the budget shall constitute authorization to the Department Head to procure only those items identified in the approved budget which are not subject to any additional rules set forth herein.
- C. **Authorization to Over-Expend:** No budget account may be over-expended without the approval of the County Commissioners. If a Department Head anticipates that a budget account will become over-expended, they should notify the County Commissioners in writing and identify, if possible, another budget account within their department which may be under-expended. The County Commissioners may then authorize an over-expenditure in one budget account with a corresponding expected under-expenditure in another account. The County Commissioners may also authorize, in their sole discretion, an over-expenditure without a corresponding under-expenditure.
- D. **Lapsed Appropriations:** All unexpended or unencumbered appropriations in the current expense budget remaining at the end of the fiscal year shall revert to the County's unappropriated surplus except as may be provided herein. Expenditures in excess of \$2,000 for which contracts have been issued may be considered as accounts payable as of the end of the fiscal year if the actual expenditure occurs within sixty (60) days of the end of the fiscal year. Department Heads may submit a request to the County Commissioners, for authorization to carry forward to the next fiscal year any appropriation which is not expected to be expended prior to June 30. Such requests shall include documentation as to why the appropriation was unable to be expended prior to the end of the fiscal year and information indicating when the expense will be incurred. The County Commissioners may approve these authorizations as encumbrances against the budget year so ending.

II. General Purchasing Procedures. These procedures generally govern all purchasing. Additional specific procedures may apply to certain categories of purchases which are identified in Section III.

- A. **Items Requiring Competitive Bidding:** With the exception of vehicles, any items, or group of items, purchased under the same contract from the same vendor, estimated to be in excess of \$25,000 shall be purchased in accordance with bidding procedures referenced in Section IV hereof. Unless waived by the County Commissioners, competitive bidding is required for purchase of all vehicles regardless of the estimated price.
- B. **Items Not Requiring Bidding:** Where formal bidding is not required it shall be the responsibility of the Department Head to solicit comparative prices to perform the work or supply the products in accordance with the specifications from known suppliers of such products in accordance with the following guidelines: for items estimated to cost between \$10,000 and \$24,999, at least three proposals shall be solicited; for items estimated to cost between \$2,000 and \$9,999, at least two proposals shall be solicited; and for items estimated to cost below \$2,000, comparative proposals are preferred but not required, provided that in all cases, the Department Head shall make purchases with consideration to best possible price and value.

- C. Priority to Worcester County Vendors: Department Heads shall make an affirmative effort to give priority to Worcester County Vendors when purchasing non-bid items. Lowest available price criteria may be waived in favor of business location.
- D. Purchase Receipts: A copy of the signed payable edit listing signed by the Department Head or designee is to be forwarded to the Treasurer's Office with the vendors invoice after the goods have been received.
- E. County Discount and Tax Exemption: The Department Head shall insure that the County receives any applicable governmental discount and that State sales tax is not charged on any order unless required by the State. Under no circumstances may the County's tax exempt status or discount qualification status be used for the benefit of any personal or non-governmental purchase.
- F. Credit Card Purchases: Where a department has been issued and authorized credit cards, it shall be the responsibility of the Department Head to maintain proper control of the access to and use of the credit card and to insure that the credit card is used only for proper and authorized governmental purposes. A credit card may generally be used for certain travel, lodging, and meal expenses. A credit card should not be used to purchase any item which can be acquired under the standard purchasing procedures. A County credit card may not be used for any personal or non-governmental expense. When making credit card purchases the purchaser should secure a copy of the charge slip which clearly identifies the nature of the purchase and the account to which the purchase is to be charged. The charge slips shall be forwarded to the appropriate Department Head or the County Administration Office prior to the next billing date for the credit card. Debit cards may be used in a similar fashion as credit cards with the approval of the County Commissioners.
- G. Purchases from Petty Cash: Departments which maintain petty cash accounts may use the petty cash to make minor (generally less than \$50) purchases, to reimburse employees for minor miscellaneous out-of-pocket expenses (such as tolls), and to make other minor purchases where cash is required immediately. Adequate petty cash records should be maintained which include disbursement forms (which include descriptions and account numbers) and receipts for any items purchased. Requests for replenishment of petty cash accounts shall include a summary of charges and accounts to be charged and a report on the present balance of the petty cash account.
- H. Payment of Invoices: Invoices should first be reviewed by the Department Head to verify that the amounts are correct and that the goods have been received. The Department Head should forward the signed payable edit listing and invoice to the Treasurer's Office for processing and payment. The invoice or signed payable edit listing must indicate which of the Department's budget accounts should be charged. Checks will be prepared and signed and will be available for mailing to vendors each week. Normally all payments will be processed as identified above.
- I. Payment in Advance: State law prohibits the County government from making any payments to any contractor or vendor in advance of the actual receipt of the goods or completion of the work unless a performance bond has been posted by the vendor. This means that no such payments will be made in advance unless a performance bond has been submitted to and accepted by the County Commissioners. The Department Head is

responsible for certifying on the invoice that the goods have actually been received or that the work has actually been completed.

- J. **Emergency Purchasing:** An emergency condition is a situation that creates a threat to public health, welfare, or safety such as may arise from hurricanes, fires, floods, equipment failures, or other such reason as determined by the Chief Administrative Officer, or following an Emergency Declaration by the County Commissioners. The existence of such condition creates an immediate and serious need for supplies, equipment, materials, and services that cannot be met through normal procurement methods and the lack of which would threaten the function of County government or the health and welfare of County residents.

In case of an emergency which requires immediate purchase of supplies, equipment, materials, and services the Department Head with the approval of the Chief Administrative Officer is authorized to secure the items needed to protect the health or general welfare of the citizens of the County. Emergency procedures shall be limited to a quantity of those supplies, equipment, or contractual services necessary to meet the emergency. The Department Head making the emergency purchase shall notify the Finance Officer of any such purchase made no later than the first County working day following the purchase, unless extended by the Chief Administrative Officer. Such notification shall include a report containing a summary of the quotations received, a copy of the delivery record, and a written explanation of the circumstances of the emergency.

III. Procurement Procedures for Specific Items. In addition to the procedures set forth in Section II, the following procedures will apply to the specific categories of purchases identified below.

- A. **Building and Property Expenses:** Unless authorized otherwise by the County Commissioners, all purchases relating to County building maintenance and supplies (including janitorial supplies) shall be purchased by the County Public Works Department, which is authorized to charge the appropriate departmental building expense accounts for any such purchases.
- B. **Vehicle Expenses:** Except in emergency conditions or during extended out-of-County travel, all gasoline shall be acquired from the County's gas pumps or any other designated state or county facility in Maryland. Departmental vehicle expense accounts will automatically be charged for gasoline used by that Department. All minor vehicle repairs and routine service shall be performed at the Public Works Department or an authorized vendor approved by the Public Works Department or the County Commissioners. The Public Works Department shall be authorized to charge departmental vehicle expense accounts for work performed. Where the Public Works Department determines that any repair work is beyond the scope of their Department, it shall be the responsibility of the Department Head to secure competitive estimates through the Fleet Management Division of the Public Works Department for the repair work.

- C. Travel Expenses: Out-of-State travel must be approved in advance by the County Commissioners, except travel to adjoining States where no overnight stay is required or travel which is entirely covered by grant funds at no cost to the County, and provided that such travel is approved by the Department Head and the Chief Administrative Officer. The request for such approval shall identify the location, purpose, and estimated cost of the trip. If a cash advance is authorized, the Department Head shall submit an itemized report of the expenses (including receipts) and return any unused cash after the completion of the trip. Reimbursement for out-of-pocket expenses may be made upon submission of adequate documentation including lodging, meals, parking, tolls, and mileage reimbursement of personal vehicles.
- D. Office Supplies: There is no central purchasing for office supplies. Each department is responsible for purchasing office supplies as needed by that department.
- E. Computer, Telephone and Copy Equipment: Except for minor supplies, all other computer, telephone and copy equipment expenses including acquisition of new equipment, programming, and maintenance contracts, shall be centrally coordinated through the County Administration Office. County Administration may assign this responsibility to another department at their sole discretion or as directed by the County Commissioners.
- F. Insurance: Procurement of insurance shall be accomplished by the County Administration Office with the assistance of the Human Resources Department. Public officials who may be required to submit fidelity bonds are responsible for procuring those bonds directly.
- G. Capital Projects: Capital construction projects shall be procured by competitive bids based on formal specifications prepared by consulting architects and engineers or the County Engineer.
- H. Professional Service Contracts: Department Heads shall be responsible for preparing a draft Request for Proposals for professional services (such as consultants) to be submitted to the County Commissioners for approval in the same manner as normal bidding procedures. The County Commissioners may exempt from competitive bidding requirements the procurement of professional services, such as: accountants, architects, attorneys, auctioneers, construction managers, consultants, engineers, financial advisors, surveyors or any other professional services determined by the County Commissioners.

IV. Worcester County Bidding Procedures. Unless waived by the County Commissioners, purchase of all vehicles, as well as items or groups of items purchased under the same contract from the same vendor estimated to be in excess of \$25,000, shall be purchased in accordance with the bidding procedures identified below.

A. Applicability

1. **Bidding Threshold.** Any item, or group of items purchased under the same contract from the same vendor, estimated to be in excess of \$25,000 shall be purchased in accordance with these procedures.
2. **Applicability.** These procedures shall apply to all County departments (except those agencies which are independent political subdivisions).
3. **Exceptions.** The County Commissioners may make exception to these procedures in the following cases:
 - (a) The County Commissioners by a 5/7 majority vote may waive bidding requirements for purchases in excess of \$25,000 when they determine that bidding would be impractical or not in the best interest of the County.
 - (b) The County Commissioners may also specifically call for these bidding procedures to be followed for purchases less than \$25,000 when they determine it to be in the best interest of the County.
 - (c) Unless the County Commissioners so determine it to be in the best interest of the County, bidding procedures shall not be applicable to the engaging of an independent auditor or the awarding of contracts for professional services such as: accountants, architects, attorneys, auctioneers, construction managers, consultants, engineers, financial advisors, surveyors or any other professional services determined by the County Commissioners.

B. Solicitation and Advertising of Bids

1. **Advertising.** Except as identified below, a bid notice shall be advertised at least once in the official local newspaper(s) as approved from time to time by the County Commissioners for placement of legal advertising. If, in the opinion of the Chief Administrative Officer and the Department Head for whom the purchase is being made, there is likely to be insufficient bidders within Worcester County, then a bid notice may also be advertised in other newspapers as necessary.
2. **Closed Invitation.** The County Commissioners may determine that, considering the need for special service, a product or item may be purchased only from specifically identified suppliers. In that case, a closed invitation to bid will be sent only to those suppliers on a special invitation list approved by the County Commissioners.

C. Procedures

1. Specifications and Instructions to Bidders. When an item is required to be bid, the Department Head for whom the purchase is to be made shall prepare a draft specification for approval by the County Commissioners. The County Administration Office shall be responsible for placing the advertisements. The bid notice shall generally describe the goods or work being bid, shall indicate the date when bids are due and the bid opening, and shall indicate that specifications may be picked up at the County Administration Office, at another designated location, or downloaded from the County website. The bid notice shall also state that bids shall be returned to the County Administration Office to be opened by the Chief Administrative Officer or Assistant Chief Administrative Officer at a time and date specified in the notice.
2. Addendums to Specifications. No significant changes or amendments to the specifications shall be authorized unless approved by the County Administration Office. All addendums must be submitted to the County Administration Office when issued.
3. Review and Award of Bids. After bids are opened they shall be forwarded to the Department Head for tabulation, review and recommendation to the County Commissioners for their consideration at a future meeting. In their review and approval of the bids, the County Commissioners reserve the right to reject any and all bids, waive formalities, informalities and technicalities therein, and to take whatever bid they determine to be in the best interest of the County considering lowest or best bid, quality of goods and work, time of delivery or completion, responsibility of bidders being considered, previous experience of bidders with County contracts, or any other factors they deem appropriate.
4. Procedures When No Bids Are Received. If, after the advertisement of the bid notice and bid opening date, no bids are received by the County, the County Commissioners may then direct the Department Head to solicit at least three proposals to perform the work or supply the product in accordance with the specifications from known suppliers of such products or from suppliers suggested by the County Commissioners.
5. Preference for Local Suppliers. Even when bidding is not required under the provisions of this policy, it shall be the duty of every Department Head to make every effort to purchase products from local suppliers when possible (within Worcester County) and to seek the best possible price, and get comparative prices as appropriate, for any goods or services being purchased by the County.

- V. **Other Financial Management Policies.** The following additional financial management rules and procedures shall apply in cases identified below. Any activity not covered herein may be the subject of additional rules and procedures or shall be administered as provided for in Section L hereof.
- A. **Procurement of Items Subject to Inventory:** The purchase of any item of furniture or equipment which is identified by a serial number or which exceeds \$10,000 in value shall be reported to the County Treasurer for inclusion on inventory records. The purchase of any vehicle or other item which is subject to title requirements shall be titled to the "County Commissioners of Worcester County, Maryland".
- B. **Contracts:** Only the "County Commissioners of Worcester County, Maryland" or their designee may enter into contracts on behalf of the County. Such contracts must be approved by the County Commissioners. No Department Head or other employee may execute a contract on behalf of the County unless specifically authorized by the County Commissioners.
- C. **Receipts:** Departments which are responsible for collecting fees or other revenues which are to be credited to the General Fund of the County should remit those receipts to the Treasurer's Office in a timely manner (preferably daily) on forms provided by the Treasurer's Office. The report to the Treasurer should be itemized and identify each individual payor, the purpose of the payment, the amount, and any identifying license or permit number (if applicable). A receipt should be given to the individual making the payment to the County. Receipts of grant revenues must be accompanied by a copy of the check and any supporting documentation when submitted. Receipts for overtime payroll reimbursements from private businesses must be accompanied by a copy of the check as well as the invoice(s) being paid. Receipts from the State of Maryland or the federal government and their departments or agencies must be accompanied by a copy of the check and any supporting documentation when submitted.
- D. **Separate Funds and Cash Accounts:** Separate funds and cash accounts may only be maintained where authorized specifically by law, or by resolution of the County Commissioners, or as approved by the Chief Administrative Officer or Finance Officer. Where such funds exist, a full accounting of transactions and balances shall be maintained on the County's General Ledger. Routine reports may be required. Opening such accounts or failure to report any such separate cash accounts may constitute misappropriation of government funds and the County Commissioners may institute appropriate legal proceedings. All accounts must be in the name of the "County Commissioners of Worcester County, Maryland."
- E. **Interdepartmental Charges:** Where a service or task can normally be accomplished by a County department to meet the needs of another County department, then that service should be made available if it does not over-burden the normal operations of the department. The department providing the service may make a charge to the department receiving the service for actual materials, supplies expended and labor, subject to approval of the Chief Administrative Officer or their designee.
- F. **Grant Administration:** Any applications for State or Federal grants must be approved by the County Commissioners and the grant application must be signed by the President of

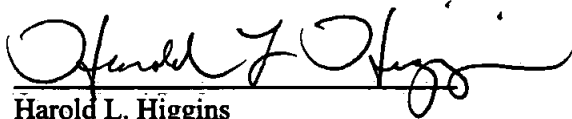
the County Commissioners. Each grant shall be assigned special revenue and expenditure accounts by the Budget Officer. The Department Head shall be responsible for preparing all application and reporting forms and complying with all grant conditions subject, however, to appropriate review and approval by County Administration. All grant expenditures shall be processed in accordance with normal purchasing and procurement rules including any special requirements of the grant.

- G. Payroll: Department Heads are responsible for submitting time sheets to the Treasurer's Office on a timetable and format approved by the Chief Administrative Officer or their designee. Time sheets should include the Employees' Identification Number. All payroll and personnel financial matters shall be governed in accordance with the Personnel Rules and Regulations as amended from time to time.
- H. Returned Checks: Checks received by the County for payment of a fee which are returned by the bank due to insufficient funds will be referred to the department which collected the fee. The department shall be responsible for contacting the payor to secure a good check or cash. The department should void whatever permit or license was granted pending receipt of proper payment, if full payment is not received within one week.
- I. Billing: Departments should prepare bills for services or items provided by or fees due to that department. The bill should indicate that payment should be made directly to the department. Receipts should be handled as described in the "Receipts" section of this policy.
- J. Financial Reports Available to Departments: Each Department Head shall be provided access to the financial reporting software (New World) which provides information and reports indicating the transactions for each of that department's budget accounts. Department Heads should carefully review their transaction reports in New World at least monthly and notify the Budget Officer of any discrepancies or questions.
- K. Solicitations and Donations: No County employee may solicit donations or payments for the County from the public unless specifically authorized by the County Commissioners. Any monetary donations which are made to the County or to any County department or agency must be placed and reported in an authorized fund or submitted as a General Fund receipt. Any donation of equipment must be reported to and approved by the County Commissioners prior to its delivery and, if accepted, included on inventory records. Department Heads may not use County funds for charitable donations or sponsorships.
- L. Administration and Interpretation: No deviations or changes to these Procedures and Rules shall be permitted without the approval of the County Commissioners; provided, however, that the Chief Administrative Officer shall be responsible for the administration and interpretation of the Rules as set forth herein.

AND, BE IT FURTHER RESOLVED that this Resolution shall take effect upon its passage.

PASSED AND ADOPTED this 17th day of July, 2018.

ATTEST:

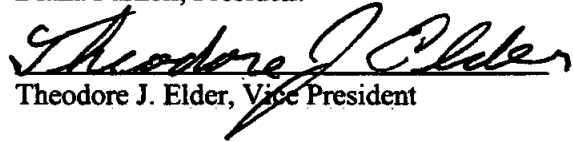


Harold L. Higgins
Chief Administrative Officer

COUNTY COMMISSIONERS OF
WORCESTER COUNTY, MARYLAND



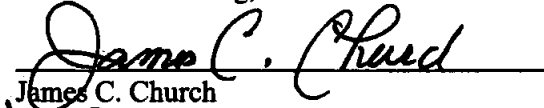
Diana Purnell, President



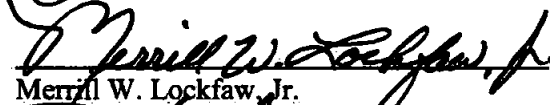
Theodore J. Elder, Vice President

Anthony W. Bertino, Jr.

Madison J. Bunting, Jr.



James C. Church



Merrill W. Lockfaw, Jr.



Joseph M. Mitrecic

APPENDIX A

County Expense Budget

SUBTITLE II Financial Administration

§ CG 4-201. Expense budget.

- (a) General provisions. The Board of County Commissioners shall, by resolution, annually adopt an expense budget detailing anticipated revenues, estimated expenditures and disposition of reserve funds. The County Commissioners shall adopt, by resolution, as part of said budget, tax rates sufficient to raise anticipated tax revenues. The estimated expenditures so adopted shall not exceed the anticipated revenues and reserve funds available.
- (b) Procedures. On or before April 15 of each year, the head of each department or agency funded in whole or in part by County funds shall submit to the Administrative Director, in such form as he shall prescribe, an itemized estimate of the revenues and expenditures of the department or agency for current expenses for the next fiscal year. On or before April 30 of each year, the Administrative Director shall consolidate estimates of expenditures, revenues and reserve funds and transmit the requested expense budget to the Board of County Commissioners.
- (c) Hearing, adoption and publication. On or before May 30 of each year, the Board of County Commissioners shall hold a public hearing on the expense budget. Said budget or a fair summary thereof shall be advertised at least once per week for two weeks in a newspaper of general circulation in the County prior to the date of the public hearing, and copies of said budget shall be available for public inspection in the office of the County Commissioners. On or before the first Tuesday in June, the Board of County Commissioners shall adopt the expense budget and tax rates. The adopted budget and tax rates shall be published in a newspaper of general circulation in the county at least once per week for two weeks before September 1 of each year.
- (d) Lapsed appropriations. Except as may be specifically provided by Public General Law, Local Law or resolution of the Board of County Commissioners, all unexpended and unencumbered appropriations in the current expense budget remaining at the end of the fiscal year shall revert to the County's unappropriated surplus.
- (e) Administration and reports. The Administrative Director shall be responsible to the Board of County Commissioners for the proper administration and execution of the expense budget. The Administrative Director shall furnish records and reports relating to the expense budget as requested by the Board of County Commissioners.
- (f) Appropriation control.

- (1) No office, department, institution, board, commission or other agency of County government shall, during any fiscal year, expend or contract to expend any money or incur any liability or enter into any contract which, by its terms, involves the expenditure of moneys in excess of the amounts appropriated or allotted for that category of expenditure identified in the Commissioner's budget-approving resolution for such fiscal year without prior approval of the Board of County Commissioners. Any such contract shall be voidable at the option of the County Commissioners.
 - (2) The department head or person responsible for the administration of any department, institution, board, commission or agency budget in which there is an expenditure in excess of the amount appropriated or allotted may be held personally liable to the County Commissioners for the amount of any overexpenditure or any portion thereof where the department head knowingly and willfully permitted such overexpenditure without good cause, and the County Commissioners shall have the right of setoff against any amount due from the County Commissioners to such individual, including any salary due, to the extent necessary toward the full amount thereof. Before holding any individual personally liable, the County Commissioners shall provide the individual with a right to a hearing upon fifteen days written notice. [Amended 12-17-1985 by Bill No. 85-6]
- (g) Supplementary appropriations. The Board of County Commissioners, in order to meet emergency and unanticipated requirements, may, by resolution, make supplementary appropriations. The County Commissioners shall designate the source of funds for such supplementary appropriations.
- (h) Source of funds. The Board of County Commissioners may provide that an approved appropriation for a particular service, department or category of expenditure be funded, in whole or in part, from a specific revenue source and that funds collected from that revenue source, only to the extent necessary to satisfy the approved appropriation, be designated for that particular purpose. [Added 3-23-1982 by Bill No. 82-2]