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Trends in County Purchasing

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

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

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

Sincerely,

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County purchasing has gone through many changes in the last few decades. Counties have witnessed the passage of general laws of local application to centralize the purchasing functions into one county purchasing or finance department. Purchasing automation has changed the way a purchasing department operates the daily functions of the office (increased efficiency and effectiveness), and has required the purchasing professional to learn new skills in this high technology field. Here are a few trends in county purchasing.

Centralization of Purchasing Activities—In the past two decades, a number of counties have chosen to centralize their purchasing activities under one purchasing department by passing a general law of local application (CFMS of 1981 or the Purchasing Law of 1957) or a private act. This trend will probably continue in order to meet the requirements of accountability and budgetary fiscal controls.

Automation (Computerization) of Purchasing Activities—Most (if not all) counties that have centralized their purchasing activities utilize a computer software program that enables them to process purchasing data, information, and perform routine tasks. Certainly, this trend will continue.

Procurement Cards—Counties have been moving slowly toward the usage of procurement cards. Counties implement the use of procurement cards to try to streamline the traditional procurement process by reducing the number of requisitions, purchase orders, invoices, and checks. Traditionally, procurement card usage has been for small purchases below the competitive bidding threshold.

In the article *Purchasing Cards Come of Age: A Survey of State and Local Governments* published by Government Finance Review in August 2002, the authors state that procurement card spending by state and local governments more than doubled between 1998 and 2001.¹ Furthermore, the survey expected procurement card spending to grow 92 percent over the next two years, driving up procurement card spending from 4 percent to 7 percent of total city/county spending by 2003 (based on their survey methodology).²

There currently is no state law concerning the subject of procurement cards. In addition, sound accounting practices require some controls on the usage of such cards be in place prior to their use in counties. The method of adopting these controls will depend on the purchasing laws under which the county operates, as well as the established procedures the county follows relative to purchasing.³ Any county desiring to use procurement cards should consult with its county attorney to determine the appropriate method for authorizing the use of procurement cards and adopting policies and procedures.

Electronic Procurement—County government purchasing professionals should keep up-to-date with developments in technology available to county governments and stay abreast of evolving business practices and cost-cutting technology.

Green Procurement—“Green procurement” seeks to reduce the environmental impacts of governmental operations and promote environmental stewardship by incorporating environmental performance considerations in the procurement and disposal of equipment, supplies, and materials (e.g., purchasing recycled products, purchasing energy efficient equipment, etc.).⁴

Counties continue to look for ways to reduce the volume of waste products that are placed in their landfills or transfer stations, and strive to ensure that their citizens have clean plentiful water. Integrating environmental considerations on the procurement, use and disposal of products will continue to be a trend for county governments.

Cooperative Purchasing—In today’s economy many county governments are forced to reduce expenses and cut or delay major capital projects. Counties are faced with the reality of having to “do more with less.” Looking to reduce costs while at the same time provide an efficient service to its citizens, counties are increasingly utilizing a procurement strategy in the form of cooperative purchasing to help trim costs for their local government. Counties have continued to keep costs down by “piggybacking” on contracts and price agreements through the Tennessee Department of General Services. Also, counties have purchased from cooperative purchasing agreements through NACO and U.S. Communities Cooperative Purchasing Program, and have entered into joint agreements with other local governments to purchase equipment, materials and supplies. Counties will continue to use cooperative purchasing methods to increase their purchase volume, and aspire to obtain the benefit of cost savings for their local government.

Professionalization of Purchasing—Purchasing agents hired to perform the duties of purchasing in county government have recognized the need to stay abreast of new laws and regulations, potential cost saving

measures (e.g., cooperative purchasing), sound purchasing methodologies to help in their procurement duties, and the need to stay abreast of new purchasing strategies and techniques. County purchasing agents have continued to receive training through the National Institute of Purchasing (NIGP), and many have received their "Certified Professional Purchasing Buyer (CPPB)" and/or "Certified Public Purchasing Officer (CPPO)" credentials. Membership in professional organizations such as the Tennessee Association of Public Purchasing (TAPP), the East Tennessee Purchasing Association (ETPA), and the Middle Tennessee Public Purchasing Association (MTPPA) provide an opportunity for training and the sharing of ideas with other purchasing professionals who have common procurement objectives.

¹Richard J. Palmer, et al., *Purchasing Cards Come of Age: A Survey of State and Local Governments*, Government Finance Review, August 2002, 6.

²*Purchasing Cards Come of Age: A Survey of State and Local Governments*, 9.

³The University of Tennessee, County Technical Assistance Service, Spotlight on Current Issues, Purchasing Card Usage in Counties, Executive Director's Memorandum, February 2001, 1.

⁴See Public Works and Government Services, Canada, www.pwgsc.ca

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