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# Principles of Public Purchasing

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Dear Reader:

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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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# Principles of Public Purchasing

Reference Number: CTAS-919

Purchasing is one of the most common activities of county government. The adoption of purchasing policies and procedures are important because purchasing policies—

- Send signals to the taxpayers that their money is being expended carefully;
- Send signals to the business sector that they will be treated fairly and equitably;
- Send signals to the employees that they have support, directions, and protection from their highest superiors;<sup>1</sup>
- Foster effective broad-based competition within the free enterprise system to ensure the county will receive the best possible service or product at the lowest possible price;
- Promote accountability for the use of public funds in the acquisition of goods and services;
- Establish guidelines for the acquisition of goods and services;
- Define the responsibilities of the county departments and employees in the purchasing process;
- Standardize and communicate approved purchasing practices;<sup>2</sup>
- Promote supplier understanding and cooperation;<sup>3</sup> and
- Help to train new personnel and guide others in the functions of purchasing.

The efficiency and effectiveness of any program depend on good, sound principles of management. Purchasing is no different. There are common, basic principles of purchasing which can be applied to any purchasing program to make it operate to the best advantage of the county government. Here are three (3) basic principles of public purchasing:

- Maximization of Competition—Specifications are written to allow the purchasing process to be as open as possible to a number of qualified vendors.
- Equal and Fair Competition—Each vendor is provided the same information regarding product or service needs/specifications.
- Best Value at the Lowest Price—The purchase must be made at the lowest price for the product or service that best meets the needs of the requisitioner.<sup>4</sup>

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<sup>1</sup>The University of Tennessee, Center for Government Training, *Municipal Purchasing*, 49.

<sup>2</sup>Harold E. Fearon, et al., *The Purchasing Handbook*, Fifth Edition, (New York, NY, McGraw-Hill 1992), 70.

<sup>3</sup>ibid, Fifth Edition, 70.

<sup>4</sup>Maricopa Purchasing Guide, Maricopa, AZ, 1, January 2004, 1.

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