

City of Creedmoor



PURCHASING POLICY

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I. GENERAL GUIDELINES FOR PURCHASING SUPPLIES AND MATERIALS

A. BUYING LOCAL

It is the desire of the city staff and elected officials to purchase from vendors located within the City of Creedmoor and Granville County whenever possible, while recognizing the responsibility to residents to ensure that maximum value is obtained for each public dollar spent. Local vendors and suppliers are encouraged to compete for all city business; however, purchasing decisions cannot be made solely on the basis of vendor residence.

B. BUYING FROM MINORITY-OWNED BUSINESSES

1. For purposes of this section, the term ‘minority’ refers to a person who is a citizen or lawful permanent resident of the United States and who is:
 - a. Black, that is, a person having origins in any of the black racial groups in Africa;
 - b. Hispanic, that is, a person of Spanish or Portuguese culture with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race;
 - c. Asian American, that is, a person having origins in any of the original peoples of the Far East, Southeast Asia and Asia, the Indian subcontinent, the Pacific Islands;
 - d. American Indian, that is, a person having origins in any of the original peoples of North America; or
 - e. Female
2. The City of Creedmoor has established a Minority Business Outreach Plan (Exhibit C) for locally funded building construction & repair contracts costing \$300,000 or more. (NC G.S. 143-128.2(j))
3. The Minority Business Outreach Plan will also apply to building construction & repair contracts with a cost of at least \$100,000 that is funded, at least in part, by North Carolina State appropriations or other State grant funds (NC G.S. 143-128.2(a))
4. For procurement activities not covered by the Minority Outreach Plan and when multiple quotes are required by state statute or local policy, the City of Creedmoor encourages employees to contact minority-owned businesses to submit a quote for consideration. The following are possible sources of information that can be used to search for minority-owned businesses:
 - a. NC Department of Administration [Historically Underutilized Businesses (HUB)]
 - b. Small Business Administration
 - c. NC Department of Transportation
5. Reporting & Review
 - a. Building Construction & Repair Contracts - For any building construction & repair contracts over \$30,000, the City of Creedmoor will report project data to HUBSCO (Historically Underutilized Businesses State Construction Office) as necessary, such as the type of project, total dollar value of the project, dollar value of minority business participation, and documentation of efforts to recruit minority participation upon completion of the project. The City shall maintain a record of contractors solicited and shall document efforts to recruit minority business participation in those contracts (NC G.S. 143-131(b))
 - b. For any procurement expenses with businesses that are known by the purchaser to be minority-owned, the purchaser will inform the Finance Department that the vendor is classified as such and the vendor file will be updated accordingly in order to track the amount paid to minority-owned businesses. The Finance Department will also periodically review the databases at any of the organizations listed in item (4) of this section, or any other known databases, for any businesses in Creedmoor and surrounding areas that are

minority-owned in which the City currently procures supplies or services.

6. Nothing in this section shall be construed to require contractors or awarding authorities to award contracts or subcontracts to or to make purchases of materials or equipment from minority-business contractors or minority-business subcontractors who do not submit the lowest responsible, responsive bids or quotes.

C. BUYING FROM VETERAN-OWNED BUSINESSES

For any procurement expenses with businesses that are known by the purchaser to be veteran-owned, the purchaser will inform the Finance Department that the vendor is classified as such and the vendor file will be updated accordingly in order to track the total amount paid to veteran-owned businesses. The Finance Department will also periodically review the Small Business Administration database, or any other known databases, for any businesses in Creedmoor and the surrounding areas that are veteran-owned in which the City currently procures supplies or services. To the extent practicable, known veteran-owned businesses shall be invited to make bids on City contracts.

D. BUYING PROPER QUALITY

Quality and service are as important as price. It is the duty of the requesting department to secure the best, most economical quality that will meet the requirements for which the goods are intended. In some instances, the lowest price does not necessarily mean the best value.

E. SALES TAX

Purchases made with city funds are not initially exempt from North Carolina sales tax, and therefore, orders must include sales tax for all taxable items. All sales tax expenses are then booked separately and submitted annually for state reimbursement.

II. AVAILABILITY OF BUDGETARY FUNDS

A. AUTHORITY

Department Heads are authorized to make changes between non-personnel-related operating expenditure lines up to \$1000. Changes in excess of \$1000 must be approved by the City Manager or his/her designee.

B. PURCHASES REQUIRING BOARD APPROVAL

Purchases not anticipated in the current fiscal year budget do not require board approval if they do not exceed \$5000 and funds are available in the affected department to cover the expenditure.

Purchases not anticipated in the current fiscal year budget require board approval if they exceed \$5000. A budget amendment will be prepared and presented to the board for consideration.

III. VENDOR SELECTION

A. SELECTION POLICY

1. Formal bids, informal bids, or other quotations will be solicited by the department initiating the purchase and shall remain confidential until awarded.
2. All vendors shall be evaluated on the basis of competitive pricing and responsible delivery of goods and/or services.
3. In accordance with applicable North Carolina General Statutes, bid awards, contracts, and/or purchase orders will be awarded or issued to the lowest responsible, responsive bidder, taking into consideration quality, performance, and the time specified in the bid for the performance of the contract.

B. BIDDING & PURCHASING REQUIREMENTS

1. Formal Bids (N.C.G.S. §143-129)

- a. Contracts and purchases that require the use of formal bid procedures are as follows:
 - (1) Purchase of apparatus, supplies, materials or equipment requiring an estimated expenditure equal to or greater than \$90,000.
 - (2) Construction or repair work requiring an estimated expenditure equal to or greater than \$500,000.
- b. All formal bids shall be procured following the procedures outlined in North Carolina General Statutes §143-129, unless the Board of Commissioners authorizes the use of an alternate procedure such as, but not limited to, design-build contracting.

2. Informal Bids (N.C.G.S. §143-131)

- a. Contracts and purchases that require the use of informal bid procedures are as follows:
 - (1) Apparatus, supplies, materials or equipment requiring the expenditure of at least \$30,000 but less than \$90,000.
 - (2) Construction or repair work requiring the expenditure of at least \$30,000 but less than \$500,000.
- b. Although not required by statute, whenever practical or feasible, solicitation of informal bids shall be made so that the process results in the receipt of at least three (3) viable options.
- c. It shall be the duty of the staff member responsible for collection of bids to keep a record of all bids submitted, and such record shall not be subject to public inspection until the contract has been awarded.
- d. All informal bids shall be procured following the procedures outlined in the North Carolina General Statutes §143-131.

3. All Other Contracts and Purchases

- a. Contracts and purchases not requiring formal or informal bidding:
 - (1) Apparatus, supplies, materials or equipment requiring the expenditure of less than \$30,000.
 - (2) Construction or repair work requiring the expenditure of less than \$30,000.
- b. Whenever practical or feasible, solicitation of quotes (where no formal or informal bidding requirements exist) shall be made to three (3) vendors when the following apply:
 - (1) Purchase of apparatus, supplies, materials or equipment requiring the expenditure of at least \$5,000 but less than the \$30,000 informal bidding threshold.
 - (2) Construction or repair work requiring the expenditure of at least \$10,000 but less than the \$30,000 informal bidding threshold.
- c. Although neither formal nor informal bids are required, the purchasing process as set out in this policy shall be followed for each contract or purchase.

C. CONTRACTS REQUIRING BOARD APPROVAL

Contracts governed by Section III (B)(1) and Section III (B)(2) of this policy shall be presented to the Board for approval.

D. UNIFORM GUIDANCE COMPLIANCE STATEMENT

Contracts funded with federal grant or loan funds must be procured in a manner that conforms with all applicable Federal laws, policies and standards, including those under the Uniform Guidance (2 C.F.R. Part 200)

IV. THE PURCHASING PROCESS

A. OVERVIEW

This section outlines the City of Creedmoor's purchasing procedure and covers the purchase of apparatus, supplies, materials and/or equipment. To be valid, purchase orders must bear the Finance Officer's signature and the certificate, "This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act".

A purchase order is a contract between the city and a vendor and is not binding until accepted by the vendor. The issuance of purchase orders by unauthorized city employees or officials will not be recognized by the city and payment of these obligations will not be approved. Obtaining supplies, materials, equipment, or services without a purchase order also constitutes an unauthorized purchase (except in emergency situations as outlined in Section V of this policy).

B. REQUEST TO PURCHASE

The *Request to Purchase Form* (Exhibit A) initiates the procurement cycle. The receipt of this form with the required information and appropriate approvals authorizes the Finance Department to proceed with issuing a purchase order. A completed requisition with appropriate approvals is required for all purchases other than those identified below.

Items which do not require Purchase Orders:

Annual Dues	Postage	Memberships
Claim Payments	Rental of Buildings	Tuition Fees
Gasoline	Service Contracts	Utilities
Diesel Fuel	Subscriptions	Professional Services (i.e. Accounting, Legal, etc.)
Insurance Premiums	Travel/Training	

The City Manager may authorize additional items that can be purchased without a Purchase Order.

C. PURCHASE ORDERS

Purchase orders are required for all applicable purchases which exceed five-hundred dollars (\$500).

A purchase order is equivalent to a signed contract and represents the verbal/written authorization to proceed with purchase, therefore it must be issued at the time of commitment. Purchase orders will only be issued after a properly completed *Request to Purchase Form* (including signatures of both the initiating Department Head and Finance Officer), and accompanying quote(s) and related documentation, if applicable, have been received.

In order to properly process vendor invoices for payment which reference a previously issued purchase order, staff responsible for the purchase must sign approval and/or acceptance that the goods or services have been received to satisfaction.

V. SPECIAL PROCUREMENT PROCEDURES

A. BLANKET PURCHASE ORDERS

Blanket purchase orders may be issued to selected vendors for the procurement of large volume items such as landscaping supplies, rock, sand, and asphalt. Blanket purchase orders should not be used for items normally carried in stock at the maintenance shop.

Requests for blanket purchase orders must, in addition to the required information, indicate the following:

1. Items covered by the blanket purchase order; and
2. A *Not-To-Exceed* (NTE) amount in the appropriate column.

It is the responsibility of the individual authorized to purchase under a blanket purchase order to insure that an unspent balance remains to cover all purchases made. Any purchase that exceeds the

funds available under a blanket purchase order will be classified as an unauthorized purchase.

B. SERVICE CONTRACTS

Service contracts for which the contractor will perform work while on city property must be accompanied by a standard contract or written agreement. The contract or agreement must follow signature protocols and contain all necessary insurance documentation.

C. EMERGENCY PURCHASES

In emergencies, the Department Head or his/her designee may purchase supplies or services directly from any vendor when immediate procurement is essential to prevent delays in work which may affect the life, health, or safety of city employees or citizens.

Staff shall exercise good judgment and use established vendors when making emergency purchases whenever possible, obtaining the best possible price and limiting purchases to those items directly emergency-related. Not anticipating needs does not constitute an emergency situation.

In the event that construction or repair work must be done on an emergency basis or if an apparatus, supplies, materials or equipment must be purchased on an emergency basis, the City Manager may approve such purchases following the guidelines above without approval by the Board of Commissioners, as long as the expenditure is below the informal bidding threshold set in N.C.G.S. §143-129. The expenditure must be reported to the Board along with the circumstances justifying such expenditure without approval at the next regularly scheduled Board meeting.

D. ANNUAL CUT-OFF DATE FOR PURCHASE ORDERS

Purchase requests for materials, supplies, services, and equipment (not included in blanket purchase orders or service contracts) for the current fiscal year must be submitted no later than May 30. This procedure affords the Finance Department the opportunity to complete fiscal year end activities in a timely manner.

E. STATE OF NORTH CAROLINA PURCHASE CONTRACT

City staff may utilize the State of North Carolina Department of Administration Purchase and Contract Division whenever possible for procurement of capital and non-capital items. This system expedites the purchase of goods, offers pricing compatible with quotes received from formal and informal bids, and satisfies North Carolina General Statutes.

F. PROFESSIONAL SERVICES

Normal competitive procedures cannot be utilized in securing professional services such as attorneys, engineers, surveyors, planners, and other professionals who, in keeping with the standards of their discipline, will not enter into a competitive bidding process. Procurement of these services shall follow all applicable procedures as required by North Carolina General Statutes.

G. ELECTRONIC FUND TRANSFERS

Electronic Fund Transfers in the form of Automated Clearing House (ACH) payments may be used for rents, payments to financial institutions (credit card vendors, banking etc.) and other professional services. The finance department will verify that the necessary appropriations are available for each ACH payment prior to the draft date and record the payment into the general ledger on the draft date.

VI. CREDIT CARDS

The purpose of this purchasing procedure is to provide for the use of credit cards for small value, emergency purchases, or for purchases online which do not accept purchase order numbers (although the steps and policies governing purchases over the \$500 threshold shall still be followed as outlined

above).

A. APPROVED USES

1. The items and/or services to be purchased are for the official use of the City of Creedmoor.
2. The Finance Officer shall periodically review card activity and may recommend revoking of use privileges from the cardholder, if circumstances warrant.
3. A timely response to each of the elements governing the use of cards is required from those concerned; Failure to do so will result in past due transactions appearing on the statements and possible purchasing limits being exceeded. Employee absence should be anticipated and arrangements put in place so that the process flow will not be delayed.
4. The Finance Officer and city administration are to be notified immediately when a card is lost or stolen.

B. ISSUANCE OF CREDIT CARDS

1. City administrators shall retain separate cards for general use upon request.
2. Credit cards may be issued to individual employees only with the approval of the Finance Officer and applicable Department Head.
3. All employees being issued a city credit card must sign the "Cardholder's Agreement" (Exhibit B) verifying agreement to conditions of use and acknowledging receipt of card.

C. USE OF CREDIT CARDS

1. Credit card holders will receive a weekly Budget-to-Actual Report for each department for which they are authorized to make credit card purchases.
2. Before making a credit card purchase the cardholder will be required to check the Budget-to-Actual Report to ensure the unencumbered balance in the line item to be used can cover the amount of the purchase.
3. Once a purchase is made the card holder should immediately obtain a vendor's receipt and/or copies of mail orders and turn them in to the finance department to be recorded in the encumbrance system.
4. As a part of the finance department's weekly check process the credit card encumbrance system will be updated. Once the update has been completed each card holder will be sent an updated Budget-to-Actual Report.
5. If a department's total unencumbered budget appropriation falls below the amount requiring a purchase order all card holders in the department will be notified and credit card purchases will be prohibited until further instructed by the finance department.
6. The satisfactory receipt of goods or services remains the responsibility of the purchaser.

VII. DELIVERY AND PERFORMANCE

A purchase order must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions should clearly define the delivery and performance requirements of the services, supplies, or equipment.

The importance of the delivery schedule will be emphasized to the vendor. If several items are required by the purchase order, there may be a different delivery schedule for each item.

A. RECEIPT OF GOODS

Staff responsible for receipt of ordered goods shall initial and forward the packing slip to the Accounting Technician as acknowledgement that all goods have been received.

B. PARTIAL DELIVERIES

Some purchase orders may list several items and the vendor may complete timely delivery on only certain items, which are referred to as "partial deliveries". Upon receipt of a partial delivery, staff will sign the delivery receipt or packing slip, indicating that it is a partial delivery, and forward to the Accounting Technician.

C. NON-PERFORMANCE

If a vendor fails to meet any requirements of the specifications or terms and conditions of the contract or purchase order, the vendor can be cited for non-performance. The seriousness of non-performance will be evaluated based upon the circumstances of each violation.

VIII. INSPECTION AND TESTING

Life and safety, as well as successful operation of expensive equipment and supplies, may depend upon how well a purchased item meets the design and performance specifications.

Goods and materials should be checked at the time of receipt for damage or defects. The inspection shall include assuring goods comply with the specifications. If damage is found, or if the goods fail to comply with the specifications, the item(s) shall be rejected as outlined below.

A. REJECTION

To protect the city's rights in the event of rejection, the receiver shall inform the vendor immediately. Reasons for the rejection must be documented and maintained by the Department Head.

B. DAMAGED GOODS

Upon receipt, the responsible staff member should immediately inspect the goods or materials to detect any visible damage. When it is apparent that the extent of damage causes the goods to be worthless, they will not be accepted. It is necessary that all damage, including evidence of concealed damage, be reported to the vendor and written documentation maintained by the Department Head.

IX. VENDOR RELATIONS

Good vendor relations are valuable business assets established through mutual confidence and satisfactory transactions between buyer and seller. An important factor toward promoting and preserving these relations is a clear understanding of the procurement process between buyer and seller.

If a department experiences difficulty with and/or has a complaint with a particular vendor, the Department Head shall document the concerns to the City Manager, being as specific as possible and including details of the circumstances, dates, personnel involved, and contact information.

X. OUTSTANDING PURCHASE ORDERS

The Accounting Technician shall review outstanding purchase orders on a regular basis to determine if vendors are delinquent in shipping the items requested. The Accounting Technician shall request that the Department Head contact vendors concerning any delinquent delivery. The Accounting Technician shall contact vendors concerning invoice discrepancies.

XI. EXHIBITS

- EXHIBIT A Request to Purchase Form
- EXHIBIT B Cardholder's Agreement Form
- EXHIBIT C Minority Business Outreach Plan for
Building Construction or Repair Contracts