



TOWN OF SOUTHERN SHORES PURCHASING AND BID REQUIREMENTS POLICY

This purchasing and bid requirements policy is intended to serve as a guide for all departments in obtaining supplies, materials, equipment, apparatus, and services. The Town of Southern Shores' purchasing and bidding program is based on the principal of competitive bidding. A valid reason must be provided and documented when competitive bidding is not sought and obtained. The practice of favoritism, whether to the seller or the user department, is not permissible.

The Town's purchasing and bidding requirements are governed by North Carolina General Statutes and, therefore, must seek competitive offers from qualified sources of supply unless the items can be obtained through existing contracts established by NC State Purchasing and Contracts Division. Whenever possible, the Town of Southern Shores participates in the NC State Contracts. The Town's local purchasing and bidding requirements may cite provisions which are stricter in policy thresholds than the requirements of the applicable North Carolina General Statutes.

The Finance Officer relies on the Department Heads to fully identify their needs, obtain competitive pricing, and exercise sound and legal purchasing and contracting practices. Department Heads are responsible for communicating their needs to the Finance Officer on a timely basis in order to obtain the correct items at the best possible price.

Any and all purchases and contracts that are made on behalf of the Town of Southern Shores must be for the use of the Town. Such purchases can only be made if an appropriation has been set up in the approved annual budget.

A purchase order is needed for services, materials, supplies and equipment purchased that exceed \$250.00. The amount for shipping and handling along with sales tax should be included on the purchase order. The Finance Officer may not validate any purchase order unless sufficient unencumbered funds are available to pay at the time of purchase. A properly signed purchase order must **precede** the purchase. No invoice will be honored if the purchase order has not been issued and signed by the appropriate Department Head and Finance Officer. The purchase orders will be pre-numbered for control purposes and should include descriptions of the items being purchased. Unauthorized purchases are classified as a personal expense, and therefore, will be paid by the employee. In the event that the Finance Officer is not available, the purchase order can be signed by both the Department Head and the Town Manager.

The following steps must be taken:

1. All Department Heads will read and understand this policy;
2. All employees involved in the purchasing process will become familiar with the procedures outlined in this policy;
3. This policy will be kept where it is easily accessible for reference;
4. All comments or clarifications of contents contained in this policy will be directed to the Town Manager or the Finance Officer.

GENERAL RULES AND PROCEDURES FOR PURCHASING AND BIDDING

Note: all obligations evidenced by a contract or agreement, regardless of amount, must be certified as pre-audited by the Finance Officer.

Purchases of \$250.00 to \$29,999.99

All purchases between \$250.00 and \$29,999.99 (individually or in total) must be made with the use of a purchase order. The department wishing to make the purchase will prepare a purchase order and present it to the Finance Officer for approval. Town Council has given authority to the Town Manager to approve all contracts/purchases up to a maximum of \$29,999.99.

Informal Bidding Process

For all purchases, lease-purchases, and contracts above \$29,999.99 and below the state mandated thresholds for formal bidding prescribed by NCGS § 143-129, informal bids must be obtained. Notwithstanding, and consistent with an annual budget authorization, the Town Manager is authorized to renew or extend any service provider contract in effect as of the date of this policy as amended and determined by the Town Manager to be in the best interest of the Town. Only written informal proposals will be accepted. The purpose of public bidding is to obtain the best value for tax dollars, to provide fairness in contracting and prevent favoritism. Contracts will be awarded to the lowest responsible bidder, taking into consideration quality, performance and time. A Bid Form will be used for this process. Three (3) written proposals will be sought during the bidding process. In cases where available or appropriate vendors are limited, every effort will be made to obtain bids from at least two (2) vendors. In cases where the item or service is available from a single source, this information must be noted on the Bid Form. For any purchase, lease-purchase or contract cost not previously authorized by the Council in an annual budget appropriation, the Town Council must authorize the award of all bids over \$29,999.99. The Finance Officer will issue a purchase order to the chosen vendor and the Department Head will proceed with the purchase. The Town Manager is authorized to award a contract to the lowest qualified responsible and responsive bidder for Council-authorized capital street improvement projects. As a post-award information item, the bid tally sheet for each awarded contract (for capital street improvement projects) is to be reported to the Council at its next meeting in order that it becomes a part of that meeting's record.

Formal Bidding Process

Expenditure of funds totaling or exceeding the state mandated thresholds for formal bidding prescribed by NCGS § 143-129, either for the purchase of apparatus, supplies, materials and equipment, or for construction or repair work, are required to be handled by the Formal Bid Process, and the bonding requirements of NCGS §44A-26 shall apply.

Note: Performance and payment bonds are required for contracts costing more than \$50,000 that are part of a project costing more than \$300,000.

The advertisement for bidders required by this section shall appear at a time where at least seven (7) full days shall lapse between the date on which the notice appears and the date of the opening of bids. The advertisement shall: (i) state the time and place where plans and specifications of proposed work or a complete description of the apparatus, supplies, materials, or equipment may be had; (ii) state the time and place for opening of the proposals; and (iii) reserve to the board or governing body the right to reject any or all proposals.

Purchases not requiring a Purchase Order

The following purchases do not require a purchase order:

- A. Advertising;
- B. Dues;

- C. Utilities;
- D. Insurance;
- E. Postage;
- F. Professional services for accounting, legal, engineering, etc. that are covered by a separate approved contract;
- G. Purchases less than \$250.00.
- H. Purchases obligated by written contract or agreement (These written obligations require Finance Officer certification, regardless of amount).

Emergency Purchases

An emergency is defined as a sudden, urgent, usually unexpected occurrence or occasion requiring immediate action. When an emergency does arise, and can be rectified only by immediate purchase or rental of equipment, supplies, materials or services, the following procedures must be followed:

- A. Secure a purchase order from the Finance Officer or the Town Manager. If the emergency occurs when offices are closed, the department should proceed to acquire only the materials of services necessary to meet the emergency;
- B. On the next working day, the Department Head must submit a requisition to the Finance Officer with the following information:
 - 1. Nature of the Emergency;
 - 2. Itemized list of purchases made;
 - 3. Cost per item;
 - 4. Vendor's name and address;
 - 5. Account Number
 - 6. Authorizing signature of the Department Head
 - 7. Purchase Order Number – if one was given.
- C. The Finance Officer will prepare a confirming purchase order and send the requesting department a copy of the purchase order. The employee receiving the requested items should verify that the purchase order information is correct. The employee should also make sure that the vendor knows who to invoice and the correct address for billing. All invoices should be made out to the appropriate Town Department. Failure to make sure this information is passed on to the vendor could result in the misplacement of the invoice, causing late payment on the invoice and loss of any possible discount. No emergency purchase orders will be given unless it is an emergency as described above. North Carolina General Statutes govern this procedure. Written approval for disallowed emergency purchases will have to be obtained from the Town Manager, with overall approval resting with the Town Council.

Telephone Purchase Order Procedures

In certain emergency or special situations, the Finance Officer will issue a purchase order number over the telephone to the requesting department. In such cases, the requesting department will be required to submit a supporting requisition to the Finance Officer the next business day. The requisition is to include the vendor, complete item description, quantity, price, and the purchase order number that was issued.

Credit Cards

The credit cards are kept under the control of the Finance Officer and should be signed out by the employee and returned to the Finance Officer once the purchase is completed. All purchases in excess of \$100.00 made with the Town credit card must be preceded with a purchase order. When traveling out of town for training purposes, the employee **may** use the credit card for hotel stays and for the purchase of fuel **only**, providing that pre-approval **is obtained** from the Town Manager or the Finance Officer. A purchase order must be filled out immediately upon return. **A cash advance may be issued for the employee's cost of meals while out of town for training. Prior to departure, the employee may fill out a travel advance request form**, and a check will be issued to the employee for the amount of per diem **meal**

costs as stated on the website at <http://www.gsa.gov/portal/content/104877> for the length of their stay and as outlined in the Town's travel policy. The employee is not authorized to pay for meals on the Town credit card, unless specifically authorized by the Town Manager. The Department Head must approve purchases. Unauthorized purchases are a violation of this policy. If proper procedures are not followed, the employee may be personally liable for the payment.

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