

Town of Spring Lake	ADMINISTRATIVE & FINANCIAL POLICIES		SUBJECT: PURCHASING & CONTRACTING
	Number 1	Revisions 3	Board Approval Date <i>November 9, 2015</i>
North Carolina	Supersedes <i>April 27, 2009</i>	Effective Date <i>November 10, 2015</i>	Page 1 of 6

## 1.0 FORWARD

It is the policy of the Town of Spring Lake to insure that taxpayer money is spent wisely and that the taxpayer is receiving the best product or service for the tax dollar. The Town's primary method of obtaining the best product is competition. Competition tests the marketplace, allowing for the fair and open solicitation of responsible offers from more than one source.

## 1.1 LAW

All purchasing will be in accordance with the State of North Carolina General Statutes and policies and administrative procedures established by the Town Board and Town Manager, respectively. The purchasing process will be a hybrid system of responsibility shared by the requesting department and the Finance Department.

## 1.2 PRE-AUDIT

A pre-audit certificate, signed by the Finance Director, will appear on any contract, agreement, or purchase order before it becomes an obligation of the Town, in accordance with N.C.G.S. §159-28(a). All persons involved in the purchasing and negotiations will ensure vendors, sellers and contractors understand that no contract is binding until this requirement is satisfied.

## 1.3 CONFLICT OF INTEREST

In accordance with N.C.G.S. §14-234, no officer or employee of the Town who is charged with:

1. Preparing plans, specifications, or estimates for public contracts
2. Awarding or administering contracts, or
3. Inspecting or supervising construction

will receive a gift or favor, in any direct or indirect manner, from any contractor, subcontractor, or supplier who:

1. Has a contract with the Town
2. Has performed under such a contract within the past year, or
3. Anticipates bidding on such a contract in the future

Furthermore, the Town will not directly, nor indirectly, enter into a contract for the provision of goods and/or services with any employee(s) of the Town or any businesses in which a Town employee has greater than a ten percent ownership. If any such contract is entered into, it shall be canceled upon discovery and the delivery of goods and/or services there under shall no longer be accepted. Any Town employee(s) who knowingly enters into such a contract with the Town shall be subject to disciplinary action as provided for by Town ordinances and/or policies and liable for any necessary reimbursement. Any employee with more than a ten percent interest in any company or business desiring to do business with the Town of Spring Lake shall request in writing to the company to disclose in advance of bid, proposal or contract the employees interest in said company.

#### **1.4 GROUP PURCHASING PROGRAMS**

In accordance with N.C.G.S. §143-129(e)(3), the Town shall participate in all programs that allow for the opportunity to purchase under state contracts and in cooperative agreements with other governmental units.

#### **1.5 PURCHASE ORDER SYSTEM**

The basic document in the purchase system is the purchase order. A purchase order is issued by the Town for all purchases that exceed \$999. The Finance Director may not validate any purchase order unless sufficient unencumbered funds are available to pay the obligation when it is due. No invoice may be honored for goods unless it is supported by a properly signed purchase order when over \$999 (excluding taxes). The purchase order shall be pre-numbered, by the computer system, for control purposes.

Open-ended purchase orders may be used for repetitive purchases from one vendor during a fiscal year. Rather than issuing a purchase order for each purchase, one purchase order with a dollar limit may be issued for a specified period.

Purchase orders are entered as an encumbered item against the account line item indicated on the requisition. These encumbrances are liquidated upon the payment of the account payable invoice.

#### **1.6 ENCUMBRANCE ACCOUNTING SYSTEM**

In accordance with N.C.G.S. §159-26(d), the Town of Spring Lake will record encumbrances as obligations arise for budgetary control.

### **1.7 COST ESTIMATES; BIDDER'S LIST**

The Town's cost estimates for construction and repair and procurement of goods and services will be confidential prior to bidding and are subject to all of the provisions contained in N.C.G.S. §133-33.

### **1.8 SALE & DISPOSITION OF SURPLUS PROPERTY**

Surplus property will be disposed of in accordance with State Statute. The Town Manager may declare surplus any individual item of excess personal property reported to him or her in writing by a department head when both the Finance Department and the department head estimate its value to be less than \$500.00. The Town Board shall give prior approval to the declaration and sale of surplus property individually valued at \$500.00 or more. Before final disposition is made, the Town Manager will notify all other departments of the availability of any excess items considered fit for possible reutilization. The Finance Department will dispose of the property so as to secure a fair value for the Town and to accomplish the disposal efficiently and economically. Accordingly:

1. Public notices of such disposition are preferred but not required.
2. The Town Manager may set the final value of each item, and transfer title to the property for the Town.
3. Disposals may be made by any method allowed by N.C.G.S. Article 12.
4. The Finance Director shall keep a record of all property sold under this section and that record shall generally describe the property sold or exchanged, to whom it was sold, or with whom exchanged, and the amount of money or other consideration received for each sale or exchange.

### **1.9 CAPITAL OUTLAY FUNDS**

Expenditures of capital outlay funds for the purchase of budget approved equipment, furniture and vehicles will be reviewed by Finance staff and approved by the Town Manager. Expenditures of capital outlay funds for equipment, furniture and vehicles not included in the budget process must be approved by the Town Manager and Board of Aldermen.

Should an emergency situation arise that would adversely affect the health, safety, or welfare of the Town or its citizens, the Town Manager may waive the provisions of this section of the policy to purchase any necessary equipment to alleviate the emergency

situation. Immediately following his determination that an emergency situation has arisen, the Town Manager shall notify the Board of the emergency situation and the actions he has taken or proposes to take to remedy the situation within 24 hours. The Board shall then be presented with all the necessary approving documents at their next regularly scheduled meeting.

#### **1.10 PURCHASING (CREDIT) CARD**

Purchases of supplies, materials, apparatus, and equipment may be made using the Town's purchasing card. The purchasing card is a Town-issued credit card and is used to purchase small dollar items with a cumulative dollar value not exceeding a predetermined limit set by the Town Manager. The card is also used when traveling on official Town business. Purchases estimated to cost more than the predetermined limit require obtaining the necessary quotes and requesting a Purchase Order.

Fuel credit cards are available for fuel purchases in Town vehicles. Employees are encouraged to use the Town's fuel credit card for fuel instead of the purchasing card. Use of the fuel credit card offers a savings to the Town. Fuel charged on the card must only be dispensed in a Town owned vehicle or piece of equipment.

#### **1.11 PROCUREMENT OF ARCHITECTURAL, ENGINEERING, AND SURVEYING SERVICES**

While professional services are not specifically covered by the N.C.G.S., §143-64.31 addresses some specific requirements concerning Architects, Engineers, Surveyors and Construction Managers at Risk. This statute requires the selection of these services based on the "demonstrated competence and qualification for the type of services required without regard to the fee or unit price information."

The General Statutes requires that these professional services "be announced" to qualified firms, that the Town develops a list of qualified firms or individuals, and that upon selection of a qualified firm, the Town attempt to negotiate a fee for the services requested. If the Town is unable to negotiate a fee with the selected firm then negotiations should begin with the next most qualified firm and so on until an agreement is reached with a qualified firm.

In accordance with N.C.G.S. §143-64.32, the Board of Aldermen has exempted by proper resolution all projects from the statutory requirement when the professional fee is estimated to be less than the statutorily set amount.

#### **1.12 AWARD, EXECUTION AND MANAGEMENT OF CONTRACTS**

In accordance with N.C.G.S §143-129 all contracts required by statute shall be submitted to the Board of Aldermen for award except those that fall under the formal purchasing

amounts listed below. Contracts authorized by the Board of Aldermen through direct award shall be executed by the Mayor or Mayor Pro-Tem or by the Town Manager in their absences. Subsequent orders changing the original contract awarded by the Board of Aldermen which do not exceed the approved cost of the contract shall be executed by the Town Manager.

Pursuant to N.C.G.S §143-129, the Town Manager is authorized to award and execute contracts, reject bids, or readvertise to receive bids on behalf of the Town for contracts below the following amounts in accordance with the General Statutes of the State of North Carolina and any policies adopted by the Board of Aldermen.

Construction and repair contracts valued at \$105,000 or less.  
All other contracts valued at \$50,000 or less.

All contracts proposed to be awarded by the Manager must be reviewed by the Town attorney for legal sufficiency prior to execution.

### **1.13 MINORITY BUSINESS PARTICIPATION GOALS**

The Town will make a good faith effort to solicit minority business participation in accordance with N.C.G.S. §143-128.2. The Town's adopted minority participation goal for building construction or repair projects is ten percent (10%). Details of which may be found in the Town's formally adopted "Outreach Plan and Guidelines for Recruitment and Selection of Minority Businesses for Participation in the Town of Spring Lake Building Construction or Repair Contracts".

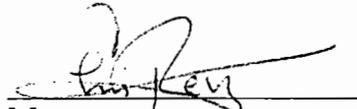
### **1.14 INVENTORIES OF SUPPLIES & MATERIALS**

Inventory will be maintained at a level which ensures that essential items are immediately available and that non-essential items are available immediately or within a timely basis. Inventories and supplies will be maintained at minimally appropriate levels for operations to increase cash availability for investment purposes. Inventory levels will be audited through physical counts at least once per year.

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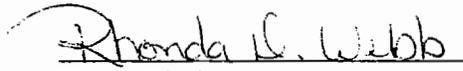
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Approved:

  
\_\_\_\_\_  
Mayor  
Town of Spring Lake  
Board of Aldermen

11-10-2015  
Date

Attest:

  
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Town Clerk