



# PURCHASING POLICY

Prepared for  
Martin County NC

# Table of Contents

|             |   |               |
|-------------|---|---------------|
| <b>I.</b>   | <b>Forward / Overview</b>                           | <b>Page 3</b> |
| <b>II.</b>  | <b>General Guidelines for Purchasing</b>            | <b>Page 4</b> |
|             | Local Buying  |               |
|             | Planning  |               |
|             | Buying Proper Quality                               |               |
| <b>III.</b> | <b>Purchasing Procedures</b>                        | <b>Page 5</b> |
|             | Request to Purchase                                 |               |
| <b>IV.</b>  | <b>Vendor Selection</b>                             | <b>Page 5</b> |
|             | Selection Policy                                    |               |
|             | Selection Procedures                                |               |
| <b>V.</b>   | <b>Purchase Orders</b>                              | <b>Page 6</b> |
|             | The Purchase Order Process                          |               |
| <b>VI.</b>  | <b>Availability and Transfer of Budgetary Funds</b> | <b>Page 6</b> |
|             | Policy  |               |
|             | Authority   |               |
|             | Responsibility                                      |               |
| <b>VII.</b> | <b>Special Procurement Procedures</b>               | <b>Page 7</b> |
|             | Service Contracts                                   |               |
|             | Blanket PO  |               |
|             | Emergency Purchases                                 |               |
|             | Call in Request for Purchase Orders                 |               |
|             | Purchase Order Cut-Off Dates                        |               |
|             | Sole Source of Supply                               |               |

State of North Carolina Purchase Contract

Professional Services

Vehicle and Equipment: Outsourcing of Service

Purchasing Cards

**VIII. Competitive Bids** **Page 12**

Formal Bids

Informal Bids

Purchases -Supplies and Materials (Less than\$30,000)

Construction and Repair Work

**IX. Specifications** **Page 13**

**X. Delivery and Performance** **Page 14**

Partial Deliveries

Non-performance

**XI. Inspection and Testing** **Page 15**

Rejection

Damaged Goods

Latent Defects

**XII. Vendor Relations** **Page 16**

**XIII. Conflicts of Interest** **Page 16**

Gifts and Favors

Confidential Information

**VIV. After the Order** **Page 17**

**XV. Exhibits** **Page 17**

# I. Forward / Overview

This purchasing policy states the terms and conditions that govern the procurement methods and accountability for transactions and spending of the Martin County Board of Commissioners. This policy is intended to be utilized as a guide for the Board, through the County Finance Director, to make efficient purchases for the benefit of the whole of Martin County while maintaining purchases of the least expense and meeting the needed standard quality.

The understanding and cooperation of all employees with purchasing authority is essential in order for the County to maximize the value of each taxpayer dollar spent. While this manual does not answer all procurement related questions, it provides a sound foundation for County's procurement methods.

The goals of the County's purchasing program are as follows:

1. To comply with legal and ethical requirements of public purchasing and procurement.
2. To assure vendors that impartial and equal treatment is afforded to all who conduct business with the County.
3. To receive maximum value for money spent by awarding purchase orders to the lowest responsible, responsive bidder, taking into consideration quality, performance, support, delivery schedule, previous performance, business location, and other relevant factors.
4. To provide County departments the required goods and services in a timely manner in the proper quantity and quality while providing necessary information to the County Finance Department.
5. To professionally administer the search for sources of supplies, the development of new sources, the selection of suppliers, negotiations, commitments, follow-ups, and adjustments.
6. To promote healthy business relationships through informed and fair purchasing practice and maintenance of ethical standards.
7. To maximize the standardization of products used by all departments in order to minimize stock levels and obtain better prices for necessary goods and services.

If the procedures and guidelines established in this manual are followed, each department will be capable of managing, controlling, and planning available resources to meet present and future needs in order to help the County meet set goals. Any questions or concerns about this manual or the established procedures should be directed to the County Finance Department. This manual is effective immediately following Board adoption and supersedes all previous purchasing or procurement instructions or directives.

## **II. General Guidelines for Purchasing**

### **Local Buying**

It is the desire of the County to purchase from vendors located within the County whenever possible. This can be accomplished by ensuring that local vendors who have goods or services available which are needed by the County are included in the competitive purchasing process. The County has a responsibility to its residents however to insure that maximum value is obtained for each public dollar spent. The County cannot and will not make purchasing decisions solely on the basis of vendor residence. Rather, the County will endeavor to encourage local vendors and suppliers to compete for all County business.

### **Planning**

Planning for purchases should be done on both short-term and long-term basis, thereby minimizing small orders and last minute purchases. Planning will also reduce the number of trips required to obtain materials and minimize clerical and supervisory time spent on documenting purchases.

### **Buying Proper Quality**

Quality and service are as important as price; and, it is the duty of the requesting department to secure the best, most economical quality that will meet, but not exceed, the requirements for which the goods or services are intended. In some instances the lowest price does not necessarily mean the lowest cost. Departments should make sure all potential supply costs are considered

(shipping etc.).

### **III. Purchasing Procedures**

This section outlines the County's purchasing procedure. This procedure covers the purchase of apparatus, supplies, and materials.

#### **Request to Purchase**

The department Head will initiate the requisition process. The requisition form must be completed by department head and forwarded to the finance office. A PO will be generated by the finance office. The Finance Officer pre-audits the PO and signs it after verifying that the PO meets all requirements. The PO is returned to the requesting department; at which time, they may order goods/services.

### **IV. Vendor Selection**

#### **Selection Policy**

Vendors will be selected on a competitive basis. Formal bids, informal bids, or telephone quotations will be solicited by each department. Bid awards, purchase orders and/or contracts will be issued to the lowest responsible bidder.

#### **Selection Procedure**

For the procurement of supplies, materials and/or equipment and for construction or repair, the County will observe the following procedures:

- a. The formal bid process will be used in accordance with North Carolina General Statute §143-129. (Formal bid process is on page 11 of the purchasing policy.) This will include advertising in the local newspaper and/or other advertising media as deemed appropriate and receiving sealed bids.

- b. The informal bid process will be used in accordance with North Carolina General Statute § 143-131. (See page 11 for the process)
- c. The NC Statutes that involve purchasing requirements of local governments can be found on line at: <http://www.ncleg.net/gascripts/statutes/Statutes.asp>
- d. Departments should always review State Contract pricing to ensure the best possible price is obtained. The link to this web site is: [www.doa.state.nc.us/pandc](http://www.doa.state.nc.us/pandc)

## V. Purchase Orders

To be valid, all County Purchase Orders must be approved by the Finance Officer. A requisition will not be signed into a purchase order in the absence of detailed backup information for the requisition.

### **The Purchase order Process**

A purchase order is a contract between the County and a vendor and is not binding until accepted by the vendor. The issuance of purchase orders by any unauthorized County employee will not be recognized by the County and the payment of these obligations *will not* be approved. Obtaining supplies, materials, equipment or services without a purchase order is also an unauthorized purchase. (Except in emergency situations as outlined in Section 7.3.) *Unauthorized purchases are classified as a personal expense and will be paid for by the employee.*

## VI. Availability and Transfer of Budgetary Funds

### **Policy**

Department Heads may request a Line Item Transfer which allows the moving of appropriations between departmental line items. A Line Item Transfer *will not* be allowed for the purpose of making it possible to spend all appropriations.

## **Authority**

The County Manager is authorized to make certain changes among operating expenditure line items in the budget of a department when he/she feels the change would be in the best interest of the County. The County Manager through the Finance Officer will make the departments aware of any changes made in appropriations during the fiscal year.

## **Responsibility**

All Line Item Transfers must be requested by the Department Head and approved by the County Manager before any commitments are made against an expenditure line item which would exceed the amount budgeted for that particular line item. The department should complete the request and submit it to the Finance Officer. The Finance Office is expected and authorized to inquire about the appropriateness of any and all Requests for Line Item Transfers. After review and approval of the Request, the Finance Officer will inform the County Manager for the requested transfer for the final approval.

# **VII. Special Procurement Procedures**

## **Service Contracts**

Service Contracts will be managed in concert with NC General Statutes. Some examples of service contracts include repairs to computers, copier maintenance, vehicle maintenance, and building maintenance. NC General Statutes do not require local governments to competitively bid service related contracts however departments are expected to obtain quotes on service contracts that can be competitively bid whenever possible. Examples include grass cutting and landscaping.

NC General Statutes require some professional services such as legal, architectural, engineering, and other services to be obtained by a process of preparing a Request for Qualifications for their services. Please refer to NC General Statute 143-64.32. All Requests for Qualifications must be approved by the Board of County Commissioners.

## **Blanket Purchase Orders**

The department heads will request blanket purchase orders to selected vendors after competitive pricing has been completed. This method is intended to expedite the procurement of frequently needed and repetitious supplies for a period of thirty (30) days. Examples of blanket purchase orders are automotive supplies, building, and maintenance supplies.

Requisitions for blanket purchase orders must include all required information along with the following additional information:

- a. Time period that the purchase order is good for.
- b. Items covered by the blanket purchase order.
- c. The Not to Exceed (NTE) amount in the cost column.

All vendor delivery tickets must be signed by an authorized County employee indicating receipt of the material(s). The Purchase Order number for the expenditure must be listed on the delivery ticket. All delivery tickets from blanket PO's must be forwarded to Accounts Payable for payment.

## **Emergency Purchases**

In cases of emergencies, the Department Head or his/her designee upon verbal approval of the County Manager and/or Finance Officer may purchase directly from any vendor, supplies or services whose immediate procurement is essential to prevent delays in work that may affect the life, health, or either safety or convenience of the County's employees or citizens.

The user department shall exercise good judgment and use established vendors when making emergency purchases. Always obtain the best possible price and limit purchases to those items related to the immediate need. *Not anticipating needs does not constitute an emergency situation.* First, determine if a true emergency does exist. Second, anticipate needs and avoid emergency situations whenever possible. Emergency orders are always costly. Vendors usually charge top prices if supplies or services must be obtained on an emergency basis.

During working hours, the following procedure should be used for emergency purchases:

Forward the requisition for processing to the Finance Officer with all important

information needed to generate purchase order such as vendor name, item(s) to be purchased with quantities, expenditure account to which the item(s) will be charged and the reason for the emergency purchase. After verifying available funds, a purchase order will be sent at once to the vendor. If the purchase order exceeds the account balance, a Line Item Transfer Request will need to be completed as soon as possible.

After working hours, the following procedure should be used for emergency purchases:

The Department Head should verify that they have adequate funds available. The Finance Officer should be notified the next working day by 9:00am and a purchase order obtained if needed. Emergency purchases, although sometimes necessary, are costly both in time and money. The use of emergency procedures should be limited and will be monitored for abuse.

### **Call-In Request for Purchase Orders**

Call-in requests for purchase orders will be used for emergency situations only. The Finance Officer however, will allow the express processing of requisitions for emergency purchases.

### **Purchase Order Cut-Off Date**

Purchase requests for materials, supplies, services and equipment (not included in blanket purchase orders or service contracts) for the ending current fiscal year must be requested no later than May 15th. Purchase requests of a routine nature that could have been scheduled prior to May 15, and are not critical, will be returned to the department for disposition in the new fiscal year. All other requisitions must be signed by the county manager after May 15<sup>th</sup>. This procedure affords the finance department the opportunity to complete fiscal year end activities in a timely and proper manner.

### **Sole Source of Supply**

Sole Source is defined as there is only one vendor capable of providing a particular good or service. The competitive pricing procedures outlined in this manual may be waived by the County Manager in a case that involves a sole source. Whenever a Department Head or his/her designee determines to purchase goods or services from a "sole source", he/she shall document on

the request why only one company or individual is capable of providing the goods or services required and submit this request to the Finance Officer who will forward it to the County Manager for approval along with the purchase order.

### **State of North Carolina Purchase Contract**

Departments should review and utilize the State of North Carolina Department of Administration Purchase and Contract Division whenever possible for procurement of capital and non-capital items. (<http://www.doa.state.nc.us/pandc/>) This system expedites the purchase of goods, offers pricing compatible with quotes received from formal and informal bids, and satisfies North Carolina General Statutes. Examples of goods on state contract are: law enforcement vehicles, office furniture, copiers, janitorial supplies, copier paper, and light bulbs. Departments should not rely solely on State Contract Pricing and should also, when possible, obtain quotes from local vendors. This process will allow the opportunity for local vendors to compete against state contract pricing.

### **Professional Services**

When an agreement between a professional service company and the County is established, a purchase order with a not to exceed (NTE) amount shall be issued to satisfy accounting and statutory requirements. A contract for professional services will be accepted in lieu of a purchase order.

### **Vehicle and Equipment repair / Outsourcing of Service**

Procedures for outsourcing vehicle and equipment repairs and routine maintenance, such as oil changes, tire rotation, body repair, engine rebuilding, air condition repairs, pumps, or any other item needing service shall be handled by the department in need. Quotes should be obtained on all repair items and submitted with the requisition. A service log should be maintained by each department to provide the necessary cost and repair history for budgeting purposes.

### **Purchasing Cards**

The use of purchasing cards has been proven to be a cost effective method of obtaining low

cost supply and service items. P-Cards are considered an alternative payment tool and not a procurement method. Use of a P-Card does not exempt any County employee from following the requirements and procedures set forth in this Policy, nor does it exempt compliance with applicable statutes, regulations, governing board directives, policies, procedures and best practices. The purchasing card should be used only when the items and/or services to be purchased are for the official use of the County. Purchase orders will continue to be required for all items. The Finance Officer will review the use of the individual card activity and reserves the right to revoke the use privileges from the cardholder, if deemed necessary or advisable.

For the purchasing card process to operate efficiently, a timely response to each of the elements of the procedures is required from those concerned. Failure to do so will result in past due transactions appearing on the statements and cards being rejected because of limits being exceeded. Employee absence should be anticipated and arrangements put in place so that the process flow will not be delayed. For the protection of all, the Finance Department is to be notified immediately when a card is lost or stolen.

#### Issue of Purchasing Card

- a. Purchasing cards will be issued to Department heads or Department designees only.
- b. The employee must sign the "Cardholder's Agreement" verifying agreement to conditions of use.

#### Use of Purchasing Card Charges

The cardholder will forward vendor's receipts, records of telephone and internet orders and/or copies of mail orders to the Finance Department immediately. The satisfactory receipt of goods or services is the responsibility of the purchasing cardholder.

#### Payment of Purchasing Card Charges

The Finance Department will match invoices and receipts with the monthly statement they receive. Undocumented transactions (transactions turned in to be paid without receipt) are not allowed. It is the cardholder's (employee's) responsibility to pay back if receipts are not included. All disputed transactions are to be referred to Finance Department.

## **VIII. Competitive Bids**

### **Formal Bids-Supplies and Materials: (Construction, Repair, and Purchases ≥ \$90,000)**

The department heads shall be responsible for their departments in ensuring that all North Carolina General Statutes are satisfied, including, but not limited to, newspaper advertisement and receipt of sealed bids. Departments requesting to purchase supplies, apparatus, materials and equipment (when necessary) with an expenditure that requires formal bidding shall, in conjunction with the County Attorney, develop and prepare specifications for the items for bid.

After receipt of a bid, the County Manager, County Attorney and the Department Head or his/her designee, shall review all bid responses to determine the bid deemed in the best interest of the County. The County Manager shall make a formal recommendation of award to the Board of Commissioners.

Upon Board of Commissioner approval of the recommendation, the department concerned shall initiate the purchase order and notify the successful bidder(s).

### **Informal Bids-Supplies and Materials (\$30,000 - \$89,999)**

Department Heads shall utilize the informal bidding process for purchases between \$30,000 and \$89,999. The informal bidding process requires that competitive pricing be obtained in a written manner using a Request for Quotation (RFQ). These requests are sent to several sources that can supply the product(s) desired. Once received, and the quote deemed to be the lowest responsible bidder is determined, the department shall request the purchase order.

### **Purchases of Supplies and Materials (Less than \$30,000)**

Department Heads shall make every reasonable effort to obtain 2 or more quotes on all purchases over \$1,000. Once the quote deemed in the best interest of the County is determined, the Department Head shall request the purchase order.

### **Construction and Repair Work (Less than \$30,000)**

Construction contracts within this range shall be the responsibility of the Department Head

and contracted engineer and other County officials as deemed necessary. These officials are responsible for specification development. After the formal bidding process is completed, the County Manager and the Department Head or his/her designee shall recommend to the Board of County Commissioners the lowest responsible bidder deemed in the best interest of the County. Upon award by the Board of County Commissioners and execution of the contract, the Department Head shall initiate a Requisition so that a purchase order can be generated to encumber the expenditure account.

## **IX. Specifications**

When goods or services are procured under the formal or informal bidding process, specifications must be prepared. All specifications should do at least four things:

- a. Identify minimum requirements
- b. Encourage competitive bids
- c. Be capable of objective review
- d. Provide for an equitable award at the lowest possible cost

Specifications shall be as simple as possible while maintaining the degree of exactness required to prevent bidders from avoiding supplying the goods or services required or otherwise taking advantage of their competitors.

All specifications utilizing a name brand must include the term "or approved equal" to avoid being restrictive and eliminating fair competition from the bidding process. Once a decision is made by the department as to the brand of a product such as Chevy vs Ford, John Deere vs Ford, etc...; the department must submit in writing as to why they have decided to choose that specific brand name over a similar competitor. Different methods of structuring specifications include:

- a. Qualified products on acceptable vendor list
- b. Specification by blueprint or dimension sheet
- c. Specification by chemical analysis or physical properties
- d. Specification by performance, purpose or use
- e. Specification by identification with industry standards
- f. Specification by samples

## **X. Delivery and Performance**

A completed and accepted purchase order by the parties concerned must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions must 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. Delivery requirements will be clearly written and fully understood by all vendors. If several items are required by the purchase order, there may be a different delivery schedule for each item. It is necessary to clearly indicate the delivery location on the Requisition.

### **Partial Deliveries**

Some purchase orders may list several items. It is possible the vendor may not deliver all items at one time. This is referred to as a "partial delivery". Upon receipt of a partial delivery that requires partial payment, a copy of the purchase order and an attached copy of the signed delivery receipt should be forwarded with the request for payment to the finance department.

### **Non-performance**

If a vendor fails to meet any requirements(s) 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. Specific types of non--performance are discussed in Section XI.

## **XI. 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 the goods fail to

comply with the specifications, the item(s) shall be rejected as outlined below. Department Heads should make sure that their employees who are assigned the duties of receiving items are properly trained on how to detect problems with the goods or equipment ordered.

### **Rejection**

In order to protect the County's rights in the event of rejection, for whatever reason, the vendor shall be informed immediately. Reasons for the rejection must be documented in memo form and forwarded to the finance department within 24 hours. The purchasing department shall ask the Finance Department to void the purchase order. The purchasing department shall notify the vendor of the reason for the rejection.

### **Damaged Goods**

One of the major reasons for immediately inspecting the goods or materials upon receipt is to detect any visible damage. When it is apparent that the extent of the damage causes the goods to be worthless, they will not be accepted. It is necessary that all damage including evidence of concealed damage shall be documented by memo, and attached to a copy of the purchase order. The Department Head should inform the vendor of the damaged goods.

### **Latent Defects**

Latent defects may be the result of damage in transit or failure of the manufacturer to conform to specifications. Consequently, it is often difficult to fix responsibility for the defective material. If specific liability for the defect cannot be determined between the carrier, the vendor, or the manufacturer, the County may file a claim against all parties. A memo attached to a photocopy of the purchase order must be forwarded to the County Manager so all parties involved can be properly informed.

## **XII. Vendor Relations**

Good vendor relations are valuable business assets established through mutual confidence

and satisfactory business relationships between buyer and seller. An important contribution toward promoting and preserving these relations is a clear understanding of the method of contract between buyer and seller.

Should a department experience difficulties with or have a complaint with a particular vendor, document your concerns in a memo to the finance department. Be as specific as possible, detailing the circumstances, dates, personnel involved (including titles) and phone numbers. This information will be helpful in determining if the vendor remains a responsible vendor.

### **XIII. Conflicts of Interest**

No member of the Martin County Board of Commissioners, or any of its Committees, or any employee or independent contractor shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation with Martin County in violation of North Carolina General Statutes, in particular G.S. 14-234 and 133-32. To preclude any appearance of impropriety, each individual shall disclose to the County any personal interest which he or she may have in matters coming before the Martin County Board of Commissioners. Personal interest shall be defined in accordance with North Carolina General Statutes.

#### **Gifts and Favors**

No member of the Martin County Board of Commissioners, or any of its Committees, or any employee shall accept anything of more than nominal value (not to exceed \$25.00) from a contractor or supplier in violation of North Carolina G.S. 133-32, or unless any similar statutory exception shall apply.

#### **Confidential Information**

Any member of the Martin County Board of Commissioners, any Committee, and Staff shall refrain from using any confidential information for personal gain or aiding another's personal gain in accordance with NC G.S. 14-234.1. This includes obtaining any list or database from Martin County for personal or private solicitation purposes at any time during the term of their

affiliation.

## **XIV. After the Order**

The procurement function is not accomplished by simply placing an order with a supplier. Satisfactory delivery must also be made. To ensure delivery will be made when required, follow-up is necessary. Follow-up or expediting delivery of an order is part of the purchasing process and can be more efficiently handled by the ordering department. Each department should on a regular basis review outstanding purchase orders to determine if vendors are delinquent in shipping the items requested or have not been properly closed out. It will be the ordering department's responsibility to contact vendors concerning invoice discrepancies. Departments shall have authorization along with the Finance Officer to approve or disapprove the invoice.

## **XV. Exhibits**

Exhibit A. Examples of Purchases Not Requiring a Completed Request to Purchase Form

Exhibit B. Purchase Requisition Form

Exhibit C. Cardholder's Agreement Form

Exhibit D. Line Item Transfer Request

### **Exhibit A**

#### **EXAMPLES OF PURCHASES NOT REQUIRING A PURCHASE ORDER (REQUISITION)**

- Insurance premiums
- Land purchases (BOC must approve)
- Professional services (i.e. accounting, legal)
- Refunds (tax refunds, water)

- Rental of buildings (BOC must approve)
- Service contracts (i.e. maintenance, janitorial)
- Utilities

Adopted this 13<sup>th</sup> day of December 2017.

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Elmo “Butch” Lilley, Chairman  
Martin County Board of Commissioners

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Marion B. Thompson, NCCCC  
Clerk to the Board