



Henderson County Purchasing Policy

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I. Background for Policy
N/A

II. Definitions
N/A

III. Purpose

This purchasing policy is intended for use as a guide to Henderson County's purchasing methods and practice. When used properly, the policies and procedures established herein will enable the County to obtain needed goods and services efficiently and economically. The goal of this policy is to give structure to Henderson County's procurement methods and to set guidelines for County departments.

The understanding and cooperation of all employees is essential for the County to maximize the value of each taxpayer dollar spent. While this policy does not answer all procurement related questions, it provides a sound foundation for County procurement methods.

IV. Responsibilities

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

- A. To comply with legal and ethical requirements of public purchasing and procurement.
- B. To assure vendors that impartial and equal treatment is afforded to all who conduct business with the County.
- C. 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.
- D. To provide County departments with the required goods and services in a timely manner in the proper quantity and quality while providing necessary information to the County Finance Department.
- E. To professionally administer the search for sources of supplies, the development of new sources, and the selection of suppliers.
- F. To promote healthy business relationships through informed and fair purchasing practice and maintenance of ethical standards.

If the procedures and guidelines established in this policy are followed, each department will be capable of managing, controlling, and planning available resources to meet present and future needs to help the County meet set goals. Any questions or concerns about this policy or the established procedures should be directed to the County Finance Department.

V. Policy

A. Incurring Obligations

No obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. No obligation may be incurred for a capital project, or a grant project authorized by a project ordinance unless that project ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay the sums obligated by the transaction as required by N.C.G.S. § 159-28 (a).

B. Preaudit Requirement

If an obligation is reduced to a written contract or written agreement requiring the payment of money or is evidenced by a written purchase order for supplies and materials, the written contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited and shall be signed by the Finance Director or Assistant Finance Director to assure compliance with N.C.G.S §159-28 (a1).

C. Local Buying

It is the desire of Henderson County to contract with vendors within Henderson County so long as such vendors provide the County with the lowest price on equivalent items or services meeting the County's needs. The County has a responsibility to its citizens and local businesses which run in both directions; both to spend locally, when possible, but always to ensure that whenever taxpayer money is spent it is spent with prudence. The County prohibits the use of geographical or other preferences in the selection of the vendor unless such vendor is equally or better qualified as the next highest-ranking vendor without regard to their location; however, every effort will be made to encourage qualified local vendors and suppliers to compete for County business.

D. Planning

It is imperative that all County departments take time to properly plan purchases. Purchasing plans should be made for goods and services to be purchased in both the near and distant future; thereby minimizing small orders and last-minute purchases. Planning is of the highest importance to the County because proper planning reduces unnecessary clerical and supervisory time costs associated with the procurement process.

E. Buying Proper Quality

Quality and service are as important as price when considering goods for purchase; it is the duty of the requesting department to secure the most cost-effective good or service 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. A higher price, higher quality product may save the County from excess expenses in the future. The requesting department should take this into consideration when making a purchase. However, when making a purchase of other than the lowest cost goods or services, the purchasing department should be prepared to justify such a purchase both to County administration and to the public based on standards directly related to the quality of the goods or service to be obtained, or the terms on which such goods or services are to be provided.

F. Authorization

Department Heads have been delegated the authority to approve purchases made under \$1,000, so long as proper documentation is provided to the County Finance Department, and so long as funds are available to make the purchase. The Department Head or his designee must authorize each invoice with signature and date before forwarding to the Finance Department for payment. This authorization verifies that the goods and or services have been received, the budgeted funds are available, and the invoice has been coded to the proper account number. **Any order \$1,000 or greater including shipping and handling, but exclusive of sales and use tax will require a purchase order.**

Note: If Procurement Cards are used for purchases, see Henderson County's Procurement Card Policy and Procedures for more information on the authorization process for P-card purchases.

G. Standard of Award

Vendors will be selected on a competitive basis. Bid awards, purchase orders and/ or contracts will be issued to the lowest, responsive, responsible bidder. Henderson County is prohibited from and will not use vendors who have been debarred by Federal, State, or Local governments. Vendor verification can be made through SAM (System for Award Management) and the NC Debarred Vendor List, and any County list maintained by the Finance Department and published on the County's department head intranet site.

H. Limitations of Procurement

i. **E-Verification Requirement**

No contract can be entered into unless the contractor has complied with NC E-Verify hiring requirements pursuant to N.C. G.S. 143-133.3. Under the law the entity must possess 25 or more employees E-Verify to be applicable.

The following exceptions apply:

1. Expenses related to travel, including transportation and lodging, for employees, officers, agents, elected officials, or members of State or local boards, commissions, committees, or councils.
2. Contracts *solely* for the purchase of goods, apparatus, supplies, materials, or equipment (contracts that involve a combination of purchase and construction, or purchase and service would not be exempt).
3. Contracts let under S. 143–129(e)(1), (9), or (9a) (the exceptions to competitive bidding requirements for purchases made directly from another unit of government or from a vendor under contract with the State of North Carolina or a federal agency).
4. 4. Contracts let under S. 143–129(g) (the piggyback exception to competitive bidding requirements).

ii. Divestment from Companies that Boycott Israel

Article 6G of Chapter 147 prohibits the investment of state funds in or governmental contracting with any company that boycotts or is involved in a boycott of the State of Israel. To verify companies please visit the NC Treasurers website at www.nctreasurer.com.

iii. Contracts spanning more than one County Fiscal Year

In any contract or other agreement in which the other party's performance is to take place in more than one County fiscal year, the following language shall be included in the contract:

Non-Appropriation: The County shall not be obligated for performance hereunder in any of the County's future fiscal years unless and until the County's Board of Commissioners appropriates funds for this Agreement in the County's budget for each such fiscal year. In the event that funds are not appropriate for this Agreement, then this Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The County shall notify the Company of any such non-appropriation of funds at the earliest possible date. To the extent of any conflict this provision and any other provision of this Agreement, this provision shall take priority.

iv. CONFLICTS OF INTEREST AND GIFTS

All purchases of goods or services in Henderson County shall be in accord with the Henderson County Ethics Code.

VI. Procedures

A. General Procurement Standards and Procedures:

All purchases \$1,000 and above require a requisition and purchase order (PO).

B. Purchase Procedures:

- i. **Purchases less than \$1,000:** Purchases less than \$1,000 do not require a Requisition or a Purchase Order (PO) and may be made upon the approval of the department head. Every purchase should follow a cost comparison to ensure a competitive price and quality for each good and service purchased, in accordance with paragraph G, above.
- ii. **Purchases between \$1,000 and \$4,999.99:** Purchases in this price range may be obtained by the requesting department(s) through an informal quote process. No minimum number of quotes is required however, it is encouraged that every attempt is made to acquire multiple quotes. The informal quotes may be received through verbal communications, email, or fax. Verbal quotes must be noted in typed or hand-written form documenting price, date quoted, name of vendor, and name of the individual representative of the vendor. Quotes are to be scanned and submitted with the purchase requisition prior to purchase; after the purchase order is issued and approved, a purchase may be made. The Finance Department may request additional quotes if deemed necessary during review of purchase requisitions.
- iii. **Purchases between \$5,000 and \$29,999.99:** Purchases in this price range are obtained through the formal quote process. In the formal quote process, the requesting department is required to receive at least two (2) quotes via U.S. Mail, email, fax, or hand delivery. The required two written quotes are to be scanned and submitted with/ attached to the purchase requisition prior to purchase; after the purchase order is issued and approved, a purchase may be made. The Finance Department may request additional quotes if deemed necessary during review of the purchase requisitions.
- iv. **Purchases between \$30,000 and \$89,999.99:** Purchases in this range must be obtained through informal bids. Departments are responsible for sending a request for quote (RFQ) and will allow vendors sufficient time to respond to the request based on the complexity of the request. RFQs in the informal bid range may or may not be advertised to the public. A minimum

of three (3) vendors, if available, will receive the RFQ. Every effort will be made to obtain at least three (3) quotes. Quotes in the informal bid range may be submitted through U.S. Mail, email, fax, or hand delivery. No verbal quotes are acceptable in the informal bid price range. The required three written informal bids are to be scanned and submitted with/ attached to the purchase requisition prior to purchase; after the purchase order is issued and approved, a purchase may be made. Purchase orders in this range require the approval of the County Manager.

- v. **Purchases \$90,000 and above:** Purchases in this range must be obtained through a formal bid process in accordance with Chapter 143, Article 8 of the North Carolina General Statutes. Departments are responsible for working with the Purchasing Agent to develop the RFQ/RFP and act (including advertisement and bid opening) in compliance with the relevant North Carolina law. Purchases in the formal range require the approval of the Board of Commissioners. Once the Board has approved the contract, all bid documents are to be scanned and submitted with/attached to a purchase requisition; after a purchase order is issued and approved, a purchase may be made. Purchase orders in this range require the approval of the County Manager.

C. Special Considerations for Construction or Repair

No contract may be divided for the purpose of avoiding bidding or notice requirements with the approval of the Board of Commissioners granted pursuant to N.C. Gen. Stat. §143.133.

D. Construction and Non-Emergency Repair Procedures

- i. **Construction & Repair less than \$1,000:** Purchases less than \$500 do not require a Requisition or a Purchase Order (PO) and may be made upon the approval of the department head. Every purchase should follow a cost comparison to ensure a competitive price and quality for each good and service purchased. Issues that may override the price comparison process may include delivery time and material specifications.
- ii. **Construction and Repair between \$1,000 and \$4,999.99:** Purchases in this price range may be obtained by the requesting department(s) through an informal quote process. No minimum number of quotes is required however, it is encouraged that every attempt is made to acquire multiple quotes. The informal quotes may be received through verbal communications, email, or fax. Verbal quotes must be noted in typed or hand-written form documenting price, date quoted, name of vendor, and name of the individual representative of the vendor. Quotes are to be scanned and submitted with the purchase requisition prior to purchase; after the purchase order is issued and approved, a purchase may be made.

The Finance Department may request additional quotes if deemed necessary during review of purchase requisitions.

- iii. **Construction and Repair \$5,000 and \$29,999.99:** New construction and non-emergency repair contracts in this price range are obtained through the formal quote process. The requesting department is required to receive at least two (2) quotes via U.S. Mail, email, fax, or hand delivery. The required two written quotes are to be scanned and submitted with/ attached to a proposed contract prior to the entry of the contract. Entry of the contract The Finance Department may request additional quotes if deemed necessary during review of the purchase requisitions.
- iv. **Construction and Repair \$30,000 and \$499,999:** All construction and/or repair projects in excess of \$100,000 shall require Henderson County Legal Department review and assistance prior to procurement of the work or service. This policy is more stringent due to the possible requirements for architectural or engineering plans on projects or repairs involving life safety systems that cost less than the \$500,000 informal bid range maximum. In order to contract for construction or non-emergency repair work in this range, informal bids must be obtained, after listing on the County's website and on appropriate project websites (including but not necessarily limited to Carolinas AGC). A minimum of three (3) bidders, if available, will receive the request for bids in addition to the listing required above. Departments are responsible for listing and sending the request for bids and will allow potential bidders sufficient time to respond to the request based on the complexity of the request. Quotes in the informal bid range may be submitted through U.S. Mail, email, fax, or hand delivery, but no verbal quotes are acceptable. Bids in this range require the approval of the County Manager, unless the Board of Commissioners have specified a different process in approving the project. The required three written informal bids are to be scanned and submitted with/ attached to the proposed contract prior to its entry; after the contract is issued and approved, it may be entered.

E. Construction and Repair \$500,000 and above

Contracting in this range must follow the requirement of N.C. Gen. Stat. §143-129 *et seq.*

- i. **Architectural, Engineering and Surveying Services:** Procurement of architectural, engineering and surveying services shall be accomplished pursuant to Article 3D of Chapter 143 of the North Carolina General Statutes.

- ii. **Services:** All non-emergency service contracts, for which the contractor will perform work while on County property, must be accompanied by a written contract. The contract must follow all signature procedures and contain all necessary insurance and payment options. The completed and signed contract must be reviewed for form by the County Attorney, signed by the County Manager or Department Head, as appropriate, pre-audited by the Finance Director, and be filed in the respective department. The executed contract should be scanned and attached to the department requisition that is forwarded to the Finance Department. The County will attempt to structure contracts to coincide with the fiscal year unless another arrangement is in the best interest of the County.

Contracts directly authorized by the Board of Commissioners through direct award or budget authorization may be executed by the County Manager. Subsequent orders changing the original contract, which do not exceed the approved cost of the contract, will be executed by the County Manager.

F. Exceptions to Competitive Bidding Requirements

North Carolina General Statutes provide Exceptions to State Competitive Bidding Requirements for NC Local Governments. Henderson County departments are encouraged to utilize these alternative procurement methods when the appropriate exception allows the County to procure the items or services desired more conveniently and efficiently than normal competitive bidding procedures. The intent to use an exception should be submitted to the Finance or Legal department for review prior to submitting a purchase requisition as some of the exceptions may require approval by the Henderson County Board of Commissioners.

In cases of emergencies (a purchase of goods or repair or other services in which the department is unable to wait one business day for the goods or services), the Department Head or his/ her designee may purchase directly from any vendor such supplies or services whose immediate procurement is essential to prevent delays in work which may affect the life, health, safety, or convenience of Henderson County employees or citizens. In the case of an award based on an emergency, a written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file.

The user department shall exercise good judgment and use established vendors if possible when making emergency purchases. Always obtain the best possible price and limit purchases to those items emergency related. 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 may be costly. Vendors typically charge top prices if supplies or services must be obtained on an emergency basis.

The Purchasing Agent should be notified immediately via email of any emergency purchase made \$1,000 or greater.

G. Special Procurement Procedures

I. **Technology Goods and Services:** All technology purchases require the approval of the Information Technology Director. This includes, but is not limited to; hardware, software, licensing, maintenance, and all technology related service contracts.

II. **Items Not Requiring a Requisition or Purchase Order:**

The purchase of routine services such as utilities, maintenance agreements, fuel and other items that do not require the department to request this service each time it is purchased.

Professional services such as maintenance and repair (i.e. equipment, buildings and vehicles) medical, legal, engineering, architectural and other services do not require a purchase order.

An emergency purchase in which the department is unable to wait one business day for the item. (See Section VI.F exceptions to State Competitive Bidding Requirements, Emergencies).

H. Procurement with the Use of Federal Funds

Contracts funded with federal grant or loan proceeds 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), to the extent the standards do not violate state law.

I. Surplus Property

Most Henderson County employees are allowed to purchase surplus County personal property of any monetary value, whether purchased by the County or donated to any representative or department of the County. However, certain employees and their “relatives”, as defined in Chapter 3.2 of the Henderson County Employee Handbook, are prohibited from purchasing surplus property. Henderson County employees or their relatives who are involved in the disposal of surplus property (including, but not limited to recommending and/or approving personal property for surplus) are prohibited from buying surplus property. This includes the employee and supervisor and their relatives who recommended or approved the surplus, who wrote up the condition of the item, or who was directly involved in working with, servicing or repairing the item. In addition, the following

individuals and their relatives are also precluded from purchasing surplus property: County Management, the Department Head of the department from which the surplus property is being disposed, and the Purchasing Agent. Purchases made by any aforementioned individuals or their relatives is a conflict of interest and is in violation of NC G.S. 14-234.

Employees not involved in the disposal of the property or mentioned above are allowed in their personal time to bid on the items in the online auction. Any questions as to whether an individual is allowed to bid on a surplus item should be directed to the Purchasing Agent.

VII. Authorities

- A. North Carolina General Statutes
- B. System for Award Management (SAM)
- C. North Carolina Debarred Vendor List
- D. NC E-Verify
- E. North Carolina Department of State Treasurer
- F. Henderson County Ethics Code
- G. Code of Federal Regulations

VIII. References

- A. N.C.G.S. § 159-28 (a)
- B. N.C.G.S. § 159-28 (a1)
- C. N.C.G.S. § 143-133.3
- D. N.C.G.S. § 143–129(e)(1), (9), or (9a)
- E. N.C.G.S. § 143–129(g)
- F. www.nctreasurer.com
- G. 2 CFR – Part 20