



# Randolph County

# Purchasing Policy

Effective on January 1, 2017

Adopted December 5, 2016

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## **I. INTRODUCTION**

A considerable portion of the expenditures of every government is for purchases of goods and services. A local government's power to make purchases and enter into contracts, like other powers, is derived from the Legislature and is subject to such limitations and restrictions as it may impose. The basic grant of power to purchase and contract for counties is found in North Carolina General Statute's 153A-11. The provisions within this policy shall be in compliance with the North Carolina General Statutes 143-129 regarding purchasing. The approval of this policy supersedes and repeals the Purchasing Policy amended in December 2005. This Purchasing Policy establishes rules and regulations to govern all purchases and contracts by Randolph County.

Purchasing statutes and rules may change from time to time and this policy shall be updated periodically to reflect those changes.

## **II. ESTABLISHMENT OF THE PURCHASING OFFICE**

The Purchasing Office is hereby established and shall be under the supervision of the Finance Officer. The Purchasing Office has complete authority and responsibility for the control and supervision of the entire purchasing process. For the purpose of this policy, the term "Purchasing Office" shall include the Purchasing Officer as well as all personnel within the Finance Office whose responsibilities involve activities associated with the purchasing process. The purchasing process involves applying laws, regulations, and procedures to secure goods and services suitable to the needs of Randolph County at the lowest possible cost.

Purchasing Office personnel shall be familiar with the North Carolina General Statutes regarding purchasing in order to guide the departments in the procurement of goods and services in compliance with state and local laws.

## **III. PURCHASING PROCEDURES MANUAL**

A purchasing process that has centralized purchasing authority will inevitably need to delegate certain duties to the using departments. It is the responsibility of the Purchasing Office to prepare and maintain a Purchasing Procedures Manual that details the purchasing process and any delegated duties. This Purchasing Procedures Manual shall include this policy and must be approved and signed by the County Manager. These procedures may be modified at any time as deemed necessary, provided that the procedures remain within the framework of this policy.

The goal of the Purchasing Procedures Manual is to establish and implement a system of internal controls that provide reasonable assurance that the County is in compliance with North Carolina General Statutes and this policy. All County personnel shall be subject to the provisions within the Purchasing Procedures Manual.

## **IV. DUTIES OF THE PURCHASING OFFICER**

The duties of the Purchasing Office shall include the following:

- A. Prepare and maintain a Purchasing Procedures Manual that will be used by all departments of the County.
- B. Prepare and maintain the County’s Purchase Order Terms and Conditions.
- C. Supervise procurement transactions for all goods and services for the County.
- D. Provide adequate training necessary for department personnel to adhere to the provisions within this policy and the Purchasing Procedures Manual.
- E. Ensure competitive bids on goods and services in order to secure the most advantageous prices. Specifications shall not be written so as to limit competition or exclude any qualified vendors.
- F. Oversee County’s website relating to bidding opportunities for vendors.
- G. Supervise the County’s procedures for the recording and maintaining of capital asset records. For the purpose of this policy, a capital asset is defined as a tangible item that has an expected useful life of at least two years and has a cost of \$5,000 or more, including delivery and installation (adopted February 3, 2003).
- H. Supervise the County’s procedures for the recording and maintaining of controlled asset records. For the purpose of this policy, a controlled asset is defined as a tangible item that has an expected useful life of at least two years and has a cost of \$2,500 to \$4,999.99, including delivery and installation.
- I. Supervise the County’s procedures for the disposal of surplus property and surplus property records.
- J. Approve and issue all purchase orders and the encumbrance of County funds for purchase orders into the accounting system.
- K. Retain documentation of all purchasing records, which shall be subject to public inspection at any time.
- L. Manage a file of all contracts and be responsible for the preparation of a contract ledger and the encumbrance of contracts through a purchase order into the accounting system.
- M. Report to the County Manager any actions by County personnel that are in violation of North Carolina General Statutes, this policy, approved purchasing procedures, or any other serious actions that are not deemed to be in the best interest of the County.
- N. Ensure the County does not contract with a vendor where there is an outstanding debt or obligation due to the County such as property taxes, property tax levies or service fees.

**V. AUTHORIZATIONS**

**A. AUTHORIZATION LEVELS**

**Purchases**

The following lines of authority shall be observed in the award of bids for all purchase of apparatus, supplies, materials, or equipment contracts:

- \$15,000 or less - Purchasing Officer
- \$15,001 to \$75,000 - County Manager
- \$75,001 and above - Board of Commissioners

**Construction/Repair**

The following lines of authority shall be observed in the award of bids for all construction/building repair contracts:

- \$15,000 or less - Director of Public Buildings
- \$15,001 to \$75,000 - County Manager
- \$75,001 and above - Board of Commissioners

**B. PROCUREMENT OF ARCHITECTURAL, ENGINEERING, AND SURVEYING SERVICES (MINI-BROOKS ACT)**

GS 143-64.31 requires a Qualification Based Selection (QBS) of firms to perform architectural, engineering, surveying, construction management-at-risk services, and design-build services (collectively “design services”).

**Mini-Brooks Act Requirements:**

1. “Announce” requirements for the service and make good faith efforts to notify minority firms.
2. Select firm based on competence and qualifications – not price (except for unit cost).
3. Negotiate a “fair and reasonable fee” with best qualified firm. If negotiations fail, proceed to next best qualified firm and so on.

**Mini-Brooks Act Exemption:**

Pursuant to North Carolina GS 143-64.32, Randolph County can exempt itself from the Qualification Based Selection where an estimated design services fee is an amount less than fifty thousand dollars (\$50,000) per contract. The exemption must be in writing for each individual contract using the QBS Exemption (AD012) located on the Electronic Forms section of RandNet and submitted to the Purchasing Officer. The County Manager/Assistant County Manager is hereby authorized to negotiate and sign contracts for architectural, engineering and surveying services when the estimated amount of the contract is less than fifty thousand dollars (\$50,000) and the funds to pay for the contracted services are properly appropriated.

**C. CONSTRUCTION OR REPAIR WORK DELEGATION**

The County Manager shall delegate a Project Manager to oversee construction or repair work for each project. The Project Manager with the assistance of the Purchasing Officer shall ensure compliance with applicable NC General Statutes and this policy.

**D. CHANGE ORDERS**

The use of change orders must be limited to circumstances that were unforeseen when the contract was awarded. Changes must go through the Purchasing Office and follow purchasing procedures. For contracts previously approved by the Board of County

Commissioners, the Board must approve any change orders that exceed a cumulative total of five percent (5%) of the original price.

## **VI. COMPETITIVE BIDDING EXCEPTIONS**

### **A. SPECIAL CIRCUMSTANCES**

- 1. Sole Source** GS 143-129(e)(6)
  - Applies to formal and informal purchases (not construction)
  - Only one source of supply (not only one manufacturer/distributor)
  - Competition not available
  - Standardization/compatibility is overriding consideration
  - Board approval is required for purchases \$30,000 and above
  
- 2. Emergencies** GS 143-129(e)(2)
  - Applies to purchases and construction/repair
  - Special emergency involving public health and safety or property
  - Emergency must be imminent or existing
  - Cannot be generally anticipated to occur in the future or if competitive bidding requirements can be used without exacerbating harm
  - Competitive bidding requirements still required for FEMA reimbursement
  - Refer to local policy thresholds for approval, Section V. Authorizations, Part A. Authorization Levels
  
- 3. Force Account Work** GS 143-135
  - Applies to construction/repair (not purchases)
  - Construction work performed by unit's own officers or employees
  - Total cost of project under \$500,000 or total cost of labor under \$200,000
  - If the local government is acting as its own general contractor, it must submit an owner-contractor affidavit to the local building inspector attesting to its eligibility to act as its own general contractor (GS 87-14)
  - Purchases of materials used on the project still subject to competitive bidding requirements
  - Board approval is required regardless of dollar amount

### **B. EXISTING CONTRACTS**

- 1. State and Federal Contracts** GS 143-129(e)(7),(e)(9),(e)(9a)
  - Applies to formal and informal purchases (not construction)
  - Purchasing same item from same vendor
  - Vendor must agree to sell at the same or more favorable prices, terms, and conditions
  - Includes state P&C contracts, IT purchases, through ITS, and federal agency contracts
  - Refer to local policy thresholds for approval, Section V. Authorizations, Part A. Authorization Levels

- 2. Piggybacking** GS 143-129(g)
  - Applies to formal purchases only
  - Purchasing same item from same vendor
  - Vendor must agree to sell at the same or more favorable prices, terms, and conditions
  - Contract competitively bid within previous 12 months
  - Board approval is required with 10 days public notice regardless of dollar amount
  
- 3. Change Orders** GS 143-129(e)(4)
  - Applies to construction and repair purchases only
  - For work undertaken after the contract is awarded
  - Not allowed for project needs identified prior to contract award
  - Cannot be used by bidder to correct mistakes

## **C. DIRECT PURCHASES**

- 1. Purchases from Other Units of Government** GS 143-129(e)(1)
  - Applies to formal and informal purchases
  - Purchase directly from federal, state, or local governments anywhere in the US (not purchasing from vendor)
  - Includes bidding on surplus sales
  - Refer to local policy thresholds for approval, Section V. Authorizations, Part A. Authorization Levels
  
- 2. Group Purchasing Programs** GS 143-129(e)(3)
  - Applies to formal and informal purchases
  - Formally organized program
  - Purchases contained through competitive process
  - Items offered at discount prices
  - To at least two public agencies
  - Refer to local policy thresholds for approval, Section V. Authorizations, Part A. Authorization Levels
  
- 3. Used Items** GS 143-129(e)(10)
  - Applies to formal and informal purchases
  - Can purchase from public and private entities
  - Does not include:
    - Remanufactured
    - Refabricated
    - Demo
  - Refer to local policy thresholds for approval, Section V. Authorizations, Part A. Authorization Levels

#### **D. ELECTION BALLOTS**

The printing of election ballots is a special purchase transaction constrained by time and a specific vendor. Orders submitted in mid-September to a specific vendor who prints ballots for the state as well as other counties must be received before Election Day in early November. The County shall recognize this special case and exempt the purchase of printing election ballots and authorize the County Manager to approve, award bids, and execute such purchases in order to ensure proper ordering of election ballots in time for Election Day.

#### **VII. SERVICE AND LEASE CONTRACTS (Excludes Construction Services)**

Although the North Carolina General Statutes do not impose requirements upon service and lease contracts, Randolph County shall demonstrate equal opportunity for service and lease contracts by soliciting bids where there is a competitive market for the service or lease and when it is in the best interest of the County. The standard of award shall be made to the best overall proposal and the County Manager is hereby authorized to approve, award bids, and execute service and lease contracts. All contracts must be pre-audited by the Finance Officer prior to execution. **If a contract has an option to buy clause, it is handled in the same manner as an outright purchases and is still subject to competitive bidding requirements even if there is no intention of using the option to purchase (GS 160A-19).**

#### **VIII. LICENSURE REQUIREMENTS**

GS 87-1(a) requires a licensed general contractor to oversee a project if its costs over \$30,000. General contractor oversight is not required if the local government is acting as its own general contractor by using its own forces.

- Refer to Section VI. Competitive Bidding Exceptions, Part A. Special Circumstances, Number 3. Force Account Work

#### **IX. NEW CONSTRUCTION NOTICE**

GS 153A-457 requires counties to notify property owners and adjacent property owners of construction projects.

- Does not include maintenance and repair
- Notice will be announced at an open commissioners meeting at least 15 days before project starts
- Exemptions:
  - Emergencies
  - Owner requests construction
  - Owner consents in writing to less than 15 days' notice

#### **X. LOCAL BUYING**

According to GS 143-129(b) the County is bound by law to award to the "lowest responsive responsible bidder, taking into consideration quality, performance and time specified in proposals for the performance of the contract", regardless of the origin of the vendor.

However, it is the desire of the County to contract with vendors and contractors located within Randolph County whenever possible. The Purchasing Office shall update departments of new

local vendors and contractors while encouraging departments to obtain quotes from local vendors when appropriate.

#### **XI. E-VERIFY COMPLIANCE**

GS 143-133.3 applies to all local government contracts and purchase orders. The contract is deemed compliant if it contains the E-Verify clause requiring contractor and subcontractors to comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes.

**Exempt:** Travel expenses, purchases from other governments, state or GSA contracts, and piggyback contracts

To comply with the above Act, a clause will be added to PO Terms & Conditions located at <http://www.co.randolph.nc.us/purchasing/TermsConditions.htm> and referenced on all purchase orders and contracts.

#### **XII. IRAN DIVESTMENT ACT 2015 COMPLIANCE**

GS 147-86.58 et al effective February 26, 2016, the North Carolina General Assembly enacted the Iran Divestment Act (S.L. 2015-118:SB455) which prohibits state agencies and local governments from entering into contracts with an entity that has been identified by the North Carolina State Treasurer as being engaged in certain investment activities in the Iranian energy sector. The State Treasurer's Office is required to publish a list of entities it has identified as engaging in these activities (Final Divestment List). In addition, all entities contracting with the state and local governments are prohibited from subcontracting with any entity included on the Final Divestment List.

**Exemptions:**

Purchases, services & contracts valued at \$1,000 or less including taxes.

To comply with the above Act, a clause will be added to PO Terms & Conditions located at <http://www.co.randolph.nc.us/purchasing/TermsConditions.htm> and referenced on all purchase orders and contracts.

#### **XIII. ELECTRONIC ADVERTISING**

Pursuant to North Carolina General Statute 143-129(b), Randolph County shall invite formal proposals by advertisement in a newspaper having general circulation in the political subdivision, solely by electronic means, or by both methods.

#### **XIV. DISPOSAL OF PERSONAL SURPLUS PROPERTY**

Pursuant to North Carolina General Statute 160A-266, the Board of Commissioners hereby delegates to Department Heads or their authorized representative to declare surplus any personal property with a current fair value of less than five thousand dollars (\$5,000) for any one item, not to exceed a cumulative total of \$30,000, and to convey title of the County property in accordance with regulations. The Purchasing Office shall keep a record of all property sold or disposed of under this section and that record shall generally describe the property sold, disposed of, 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. Based on the resolution adopted on October 7, 2013, by the Randolph County Board of Commissioners, the blanket internal policy established three years as the end of the administrative value for retention of those bills of sale. As outlined in G.S. 160A-270(c), the County Manager shall also authorize the use of electronic auctions for the surplus of personal property.

**XV. RETIREMENT OF SERVICE ANIMALS**

Pursuant to S.L. 2016-101 the Board of Commissioners authorizes the County Manager to negotiate price and conditions to convey ownership of retired service animals to the following eligible owners:

1. Animal's handler
2. Surviving spouse or children of animal's handler
3. Organization supporting retired service animals

**XVI. MINORITY BUSINESS ENTERPRISE GOAL**

Pursuant to North Carolina General Statute 143-128.2, on April 5, 2004, Randolph County adopted a Minority Business Outreach Plan in which the requirements for good faith efforts for formal construction contracts our outlined and detailed as mandated in G.S. 143-128.2.

**XVII. PURCHASING PROGRAM INTEGRITY**

Randolph County demands only the highest form of honesty and integrity from all County personnel involved in the purchasing process for the County.

This is the 5<sup>th</sup> day of December 2016.

Daniel Z Allen

Chairman, Board of Commissioners

Atal Johnson

County Manager

Amanda Varner

Clerk to the Board