

ALEXANDER COUNTY PURCHASING POLICY

Adopted July 12, 2010
Revised February 6, 2012
Revised June 18, 2018

Uniform Guidance procurement policy compliance statement:

Contracts funded with federal grant or loan funds 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).

The County has a Uniform Guidance Procurement Policy that is separate from this Purchasing Policy. Please refer to that separate policy for procurement procedures to use when federal funding is involved.

STANDARDS FOR PURCHASES WITH NO FEDERAL FUNDING

BUDGETARY CONTROL

Sufficient funds must be available in the budget before purchases are made or contracts or agreements are executed.

PREAUDIT REQUIREMENT

G.S. 159-28 includes the following:

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.

If an obligation is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been preaudited to assure compliance with this subsection. The certificate, which shall be signed by the finance officer or any deputy finance officer approved for this purpose by the governing board, shall take substantially the following form:

“This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal Control Act.

(Signature of finance officer).”

To rephrase the text from the general statute: **If a contract, agreement, or purchase order commits the County to an expenditure of money in the current fiscal year, an obligation is incurred. The signed preaudit certificate must be included on the contract, agreement, or purchase order to signify there is money available in the current budget to pay the amounts due during the current budget year. Without the signed preaudit certificate, the contract, agreement, or purchase order is invalid and may not be enforced. The County may consider it void.**

PURCHASE ORDERS

Purchase Orders Required for Contracts

Purchase orders are required for all contracts, regardless of the dollar amount, in order for the amount due in the current fiscal year to be encumbered in the budget. The Requesting Department will submit a purchase order requisition for all new contracts as well as contract renewals. The Requesting Department should notify the Finance Department (Accounts Payable) of the need to liquidate a portion of the purchase order each time invoices related to the contract are paid.

Purchase Orders for Items Without a Separate Contract

For purchases that are not part of a contract, the purchase order threshold is \$500. Purchases initiated by County employees estimated to cost \$500 or more will be encumbered by the issuance of a purchase order prior to purchase.

Procedures for Purchase Orders

1. The purchase order should be dated before the invoice date. Purchase orders are used to encumber sufficient funds in the budget prior to receipt of the goods or services.
2. Requisitions for purchase orders must be approved by the Finance Director, Deputy Finance Director or County Manager and must bear one of their signatures before the purchase is made in order to comply with G.S. 159-28.
3. The Finance Department will process requisitions and issue purchase orders when there are sufficient funds remaining in the budget.
4. Blanket purchase orders can be used for the purchase of multiple items from a single vendor over a period of time. Purchases should not be split into multiple transactions to avoid the purchase order requirement.
5. Departments should monitor their expense line items for small purchases that are not part of a contract and fall below the \$500 purchase order threshold. These small purchases still require sufficient funds available in the budget.

CONTRACT BIDDING REQUIREMENTS

The County will comply with the contract bidding requirements for North Carolina local governments as found in the North Carolina General Statutes. The County will use the UNC School of Government's Local Government Purchasing and Contracting website as a resource for information about current legal requirements.

TYPES OF CONTRACTS

Contracts Subject to Statutory Bidding Requirements

- A. Contracts for the purchase or lease-purchase of apparatus, supplies, materials, or equipment (this includes lease contracts with an option to purchase)

- B. Contracts for construction or repair work (special rules apply to building construction)

INFORMAL BIDDING REQUIREMENTS

(\$30,000 to \$90,000 for purchase or \$30,000 to \$500,000 for construction or repair)

Purchases or lease-purchases of apparatus, supplies, materials or equipment (item A above) involving the expenditure of \$30,000 to \$90,000 or construction or repair contracts (item B above) involving the expenditure of \$30,000 to \$500,000 are subject to informal bidding requirements per G.S. 143-131.

Purchase or Lease-Purchase

The County will adhere to G.S. 143-131 with the addition that contracts subject to informal bidding that involve the purchase or lease-purchase of apparatus, supplies, materials or equipment be conducted in conjunction with the County Manager or his designee. The Requesting Department will conduct the informal bidding process and submit the information to the County Manager or his designee for approval. The County Manager or his designee will execute these contracts.

Construction or Repair

For construction or repair contracts having a cost of \$30,000 or above, statutes require the work to be done by a licensed contractor, unless the work is performed by the local government's own forces. If the County chooses to use its own forces, G.S. 143-135 places conditions on the use of own forces. The County's policy will be to adhere to state statutes regarding construction and repair contracts with the addition that the County Manager or his designee be informed on projects the County chooses to use its own forces to ensure compliance with state statutes. Construction or repair contracts above \$30,000 will be executed by the County Manager or his designee.

Informal Bidding Process

Informal bidding is required for purchase or lease-purchase of apparatus, supplies, materials or equipment involving the expenditure of \$30,000 to \$90,000 or construction or repair work involving the expenditure of \$30,000 to \$500,000. The County policy will be to make a reasonable effort to solicit three bids under the informal bidding process. The bids must be in written form and can be obtained by fax, email, mail service, or courier. A record of the bids

received will be kept on file. The bid will be awarded to the lowest responsive, responsible bidder, taking into consideration quality, performance and the time specified in the proposals for the performance of the contract. The decision for the award of the bid must be documented and retained.

It is important for departments to anticipate needs and allow enough time for the entire purchasing process to be completed whenever the informal bidding process is being used.

FORMAL BIDDING REQUIREMENTS

(\$90,000 and above for purchase or \$500,000 and above for construction or repair)

Purchases or lease-purchases of apparatus, supplies, materials or equipment (item A above) estimated to cost \$90,000 and above or construction or repair contracts (item B above) estimated to cost \$500,000 and above are subject to formal bidding requirements. The dollar threshold applies to the estimated cost of the total contract (not each item). The formal bidding process will be handled by the County Manager or his designee in accordance with G.S. 143-129 and all other applicable statutes. Formal bids will be awarded by the Board of County Commissioners at a public meeting.

It is important for departments to anticipate needs and allow enough time for the entire purchasing process to be completed whenever the formal bidding process is required. The formal bidding process is more complex than informal bidding. Formal bid procedures include steps such as advertisement, sealed bids, and public bid opening.

SERVICE CONTRACTS

Service contracts are not subject to formal or informal bidding requirements. The Requesting Department will be responsible for determining that sufficient funds are available in the budget before executing a service contract. **See the PREAUDIT REQUIREMENT section on page 1.**

Contracts for professional services will be executed by the County Manager.

For construction design professionals, the County will refer to G.S.143-64.31, which imposes special rules for contracts with architects, engineers, surveyors, and construction managers at risk.

See attachments - Tables reprinted from UNC School of Government

1. Dollar Thresholds in NC Public Contracting Statutes
2. Bidding Laws: Purchase Contracts
3. Bidding Laws: Construction and Repair Contracts (Not Involving Buildings)
4. Bidding Laws: Building Construction and Repair Contracts

Dollar Thresholds in North Carolina Public Contracting Statutes



Dollar limits and statutory authority current as of November 1, 2015

Requirement	Threshold	Statute
Formal bidding		
	<i>(estimated cost of contract)</i>	
Construction or repair contracts	\$500,000 and above	G.S. 143-129
Purchase of apparatus, supplies, materials, and equipment	\$90,000 and above	G.S. 143-129
Informal bidding		
	<i>(actual cost of contract)</i>	
Construction or repair contracts	\$30,000 to formal limit	G.S. 143-131
Purchase of apparatus, supplies, materials, and equipment	\$30,000 to formal limit	G.S. 143-131
Construction methods authorized for building projects		
	Over \$300,000	G.S. 143-128(a1)
Separate Prime	<i>(estimated cost of project)</i>	
Single Prime		
Dual Bidding		
Construction Management at Risk (G.S. 143-128.1)		
Design-Build and Design-Build Bridging (G.S. 143-128.1A; G.S. 143-128.1B)		
Public Private Partnership (P3) (G.S. 143-128.1C)		
Historically Underutilized Business (HUB) requirements		
Building construction or repair projects		
– Projects with state funding (<i>verifiable 10% goal required</i>)	\$100,000 or more	G.S. 143-128.2(a)
– Locally funded projects (<i>formal HUB requirements</i>)	\$300,000 or more	G.S. 143-128.2(j)
– Projects in informal bidding range (<i>informal HUB requirements</i>)	\$30,000 to \$500,000*	G.S. 143-131(b)
<i>*Note: Formal HUB requirements should be used for informally bid projects costing between \$300,000 and \$500,000</i>		
Limit on use of own forces (force account work)		
Construction or repair projects	<i>(not to exceed)</i> \$500,000 (<i>total project cost</i>) or \$200,000 (<i>labor only cost</i>)	G.S. 143-135
Bid bond or deposit		
Construction or repair contracts (<i>at least 5% of bid amount</i>)	Formal bids (<i>\$500,000 and above</i>)	G.S.143-129(b)
Purchase contracts	Not required	
Performance/Payment bonds		
Construction or repair contracts (<i>100% of contract amount</i>)	Each contract over \$50,000 of project costing over \$300,000	G.S. 143-129(c); G.S. 44A-26
Purchase contracts	Not required	
General contractor's license required		
Exemption	\$30,000 and above	G.S. 87-1
Owner-builder affidavit required	Force account work (<i>see above</i>)	
	Force account work (<i>see above</i>)	G.S. 87-14(a)(1)
Use of licensed architect or engineer required		
Nonstructural work	\$300,000 and above	G.S. 133-1.1(a)
Structural repair, additions, or new construction	\$135,000 and above	
Repair work affecting life safety systems	\$100,000 and above	
Selection of architect, engineer, surveyor, construction manager at risk, or design-build contractor		
"Qualification-Based Selection" procedure (QBS)	All contracts unless exempted	G.S. 143-64.31
Exemption authorized	Only projects where estimated fee is less than \$50,000	G.S. 143-64.32

TABLE 2. Bidding Laws and Local Policies: Purchase Contracts

(“G.S.” stands for the North Carolina General Statutes. Refer to the statutes for explanations, details, and exceptions.)

Contract amount:	\$0 →	\$30,000 →	\$90,000 →
Advertisement (G.S. 143-129)	G.S.—no ads required Local policies —may require specific method/timing of ads		G.S.—newspaper or electronic ads for full 7 days before bid opening (advertising by electronic means only requires board approval) Local policies —may require extra time/locations for ads
Minimum number of bids (G.S. 143-132)	G.S.—no minimum Local policies —may require a minimum		
Form of bids (G.S. 143-129, 143-131)	G.S.—no specific form required (e-mail, phone, fax, mail all acceptable) Local policies —may require a specific form		G.S.—bids must be sealed Local policies —must comply with G.S.
Record of bids (G.S. 143-131)	G.S.—not required Local policies —may require a record	G.S.—must keep a record of all bids received Local policies —must comply with G.S.	G.S.—because bids are public, no separate record is required Local policies —must comply with G.S.
Bid opening (G.S. 143-129, 143-129.9, 143-131)	G.S.—public bid opening not required Local policies —may require public bid opening		G.S.—public bid opening required, but may use reverse auction or electronic bidding instead Local policies —must comply with G.S.
Bid bonds (G.S. 143-129)	G.S.—bonds not required Local policies —may require bonds		
Performance/payment bonds (G.S. 44A-26, 143-129)	G.S.—bonds not required Local policies —may require bonds		
Historically underutilized business (HUB) participation goals (G.S. 143-128.2, 143-131)	G.S.—not required Local policies —may require good faith efforts/goals—check with local government attorney		
Board approval (G.S. 143-129, 143-131)	G.S.—not required Local policies —may require board approval		
Standard of award (G.S. 143-129, 143-131)	G.S.—no standard given Local policies —may require a specific standard	G.S.—award to lowest responsive, responsible bidder Local policies —must comply with G.S.	
Public records (G.S. 132-1, 132-6, 143-131)	G.S.—bids become public record when received Local policies —must comply with G.S.	G.S.—record of bids not subject to public inspection until contract award Local policies —may permit public inspection before award	G.S.—bids become public record once opened Local policies —must comply with G.S.

TABLE 3. Bidding Laws and Local Policies: Construction and Repair Contracts (Not Involving Buildings)

(“G.S.” stands for the North Carolina General Statutes. Refer to the statutes for explanations, details, and exceptions.)

Contract amount:	\$0 →	\$30,000 →	\$50,000 →
Advertisement (G.S. 143-129)	G.S.—no ads required <i>Local policies</i> —may require specific method/timing of ads		G.S.—newspaper or electronic ads for full 7 days before bid opening (advertising by electronic means only requires board approval) <i>Local policies</i> —may require extra time/locations for ads
Minimum number of bids (G.S. 143-132)	G.S.—no minimum <i>Local policies</i> —may require a minimum		G.S.—minimum of 3 bids is required <i>Local policies</i> —may require more than 3 bids
Form of bids (G.S. 143-129, 143-131)	G.S.—no specific form required (e-mail, phone, fax, mail all acceptable) <i>Local policies</i> —may require a specific form		G.S.—bids must be sealed <i>Local policies</i> —must comply with G.S.
Record of bids (G.S. 143-129, 143-131)	G.S.—not required <i>Local policies</i> —may require a record	G.S.—must keep a record of all bids received <i>Local policies</i> —must comply with G.S.	G.S.—because bids are public, no separate record is required <i>Local policies</i> —must comply with G.S.
Bid opening (G.S. 143-129, 143-131)	G.S.—public bid opening not required <i>Local policies</i> —may require public bid opening		G.S.—public bid opening required <i>Local policies</i> —must comply with G.S.
Bid bonds/deposit (G.S. 143-129)	G.S.—bid bonds not required <i>Local policies</i> —may require bid bonds		G.S.—bid bond/deposit (5% of bid amount) is required <i>Local policies</i> —may require more than 5%
Performance/payment bonds (G.S. 44A-26, 143-129)	G.S.—performance and payment bonds are not required <i>Local policies</i> —may require bonds	G.S.—performance and payment bonds are required (100% of bid amount) for contracts costing more than \$300,000 <i>Local policies</i> —must comply with G.S.	
Historically underutilized business (HUB) participation goals (G.S. 143-128.2, 143-131)	G.S.—not required <i>Local policies</i> —may require good faith efforts/goals—check with local government attorney		
Separate specifications (G.S. 143-128)	G.S.—separate specifications not required <i>Local policies</i> —may require separate specifications		
Licensed contractor (G.S. 87-1, 87-1.1, 143-139.1)	G.S.—must use a licensed general contractor if the contract is part of a project worth more than \$30,000 <i>Local policies</i> —must comply with G.S.		
Construction methods (G.S. 143-128)	G.S.—no specific methods must be used <i>Local policies</i> —may require specific methods		
Board approval (G.S. 143-129, 143-131)	G.S.—not required <i>Local policies</i> —may require board approval		G.S.—board approval required; cannot be delegated <i>Local policies</i> —must comply with G.S.
Standard of award (G.S. 143-129, 143-131)	G.S.—no standard given <i>Local policies</i> —may require a specific standard	G.S.—award to lowest responsive, responsible bidder <i>Local policies</i> —must comply with G.S.	
Dispute resolution (G.S. 143-128(f))	G.S.—dispute resolution process not required <i>Local policies</i> —may require a dispute resolution process		
Public records (G.S. 132-1, 132-6, 143-131)	G.S.—bids become public record when received <i>Local policies</i> —must comply with G.S.	G.S.—record of bids not subject to public inspection until contract award <i>Local policies</i> —may permit public inspection before award	G.S.—bids become public record once opened <i>Local policies</i> —must comply with G.S.

TABLE 4. Bidding Laws and Local Policies: Building Construction and Repair Contracts

(“G.S.” stands for the North Carolina General Statutes. Refer to the statutes for explanations, details, and exceptions.)

Contract amount:	\$0 →	\$30,000 →	\$300,000 →	\$500,000 →
Advertisement (G.S. 143-129)	G.S.—no ads required Local policies —may require specific method/timing of ads			G.S.—newspaper or electronic ads for full 7 days before bid opening (advertising by electronic means only requires board approval) Local policies —may require extra time/locations for ads
Minimum number of bids (G.S. 143-132)	G.S.—no minimum Local policies —may require a minimum			G.S.—minimum of 3 bids is required Local policies —may require more than 3 bids
Form of bids (G.S. 143-129, 143-131)	G.S.—no specific form required (e-mail, phone, fax, mail all acceptable) Local policies —may require a specific form			G.S.—bids must be sealed Local policies —must comply with G.S.
Record of bids (G.S. 143-129, 143-131)	G.S.—not required Local policies —may require a record	G.S.—must keep a record of all bids received Local policies —must comply with G.S.		G.S.—because bids are public, no separate record is required Local policies —must comply with G.S.
Bid opening (G.S. 143-129, 143-131)	G.S.—public bid opening not required Local policies —may require a public bid opening			G.S.—public bid opening required Local policies —must comply with G.S.
Bid bonds/deposit (G.S. 143-129)	G.S.—bid bonds not required Local policies —may require bid bonds			G.S.—bid bond/deposit (5% of bid amount) required Local policies —may require more than 5%
Performance/payment bonds (G.S. 44A-26, 143-129)	G.S.—performance and payment bonds are not required Local policies —may require bonds	G.S.—performance and payment bonds are required (100% of bid amount) for contracts costing more than \$300,000 Local policies —must comply with G.S.		G.S.—performance and payment bonds are required (100% of bid amount) for contracts costing more than \$50,000 that are part of a project
Historically underutilized business (HUB) participation goals (G.S. 143-128.2, 143-131)	G.S.—not required unless part of state-funded project worth \$100,000 or more Local policies —may require good faith efforts/goals for other projects	G.S.—document good faith efforts; report to HUB Office Local policies —must comply with G.S.	G.S.—good faith efforts to reach goals; bidders must submit affidavits so local government can verify bidders’ good faith efforts; report to HUB Office Local policies —must comply with G.S.	
Separate specifications (G.S. 143-128)	G.S.—separate specifications not required Local policies —may require separate specifications			G.S.—separate specifications required for plumbing, electrical, HVAC, and general work Local policies —may require additional specifications
Licensed contractor (G.S. 87-1, 87-1.1, 143-139.1)	G.S.—must use a licensed general contractor if the contract is part of a project worth more than \$30,000 Local policies —must comply with G.S.			
Construction methods (G.S. 143-128)	G.S.—no specific methods must be used Local policies —may require specific methods			G.S.—must use single-prime, separate-prime, dual-bidding, or construction-management-at-risk method; alternate methods may be used only if approved by the State Building Commission or authorized by local act Local policies —must comply with G.S.
Board approval (G.S. 143-129, 143-131)	G.S.—not required Local policies —may require board approval			G.S.—board approval required; cannot be delegated Local policies —must comply with G.S.
Standard of award (G.S. 143-129, 143-131)	G.S.—no standard given Local policies —may require a specific standard	G.S.—award to lowest responsive, responsible bidder Local policies —must comply with G.S.		
Dispute resolution (G.S. 143-128(f1))	G.S.—must adopt own dispute resolution process (including mediation) or process adopted by the State Building Commission; available to all parties, with amount-in-controversy not less than \$15,000 Local policies —must comply with G.S. (which permits adoption of unit’s own dispute resolution process)			
Public records (G.S. 132-1, 132-6, 143-131)	G.S.—bids become public record when received Local policies —must comply with G.S.	G.S.—record of bids not subject to public inspection until contract award Local policies —may permit public inspection before award		G.S.—bids become public record once opened Local policies —must comply with G.S.