

ALEXANDER COUNTY PURCHASING POLICY

Adopted July 12, 2010
Revised February 6, 2012

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 Order Threshold = \$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. 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. Purchase orders are used for goods and services that are ordered prior to receipt of the goods or services. The Finance Department will process requisitions and issue purchase orders when there are sufficient funds remaining in the budget.

The following are **examples of expenditures that do not require a purchase order**, but they should already be budgeted in the appropriate departmental line items. **Contracts or agreements for items included in the list below are still subject to the PREAUDIT REQUIREMENT section on page 1. Expenditures that do not require a purchase order may still require a signed preaudit certificate if they are part of a contract or agreement.**

1. Telephone
2. Postage
3. Utilities
4. Fuel purchases
5. Contract services
6. Janitorial services
7. Annual maintenance contracts
8. Equipment lease or rental
9. Building lease or rental
10. Uniform/shop supplies rental
11. Medical bills for detention center inmates
12. Contracted detention for inmates
13. Mileage and meal reimbursements
14. Medical exams/drug testing required by Human Resources
15. Payments to Children's Trust Fund/Domestic Violence Fund(Register of Deeds)
16. Annual memberships, dues and subscriptions
17. Workers compensation insurance claims
18. Property and liability insurance claims
19. Bank fees
20. Tire disposal fees-landfill
21. Tipping fees-landfill
22. Land lease-convenience centers
23. Contract monitoring of landfill postclosure
24. Payment of debt service charges
25. Client assistance payments (DSS)

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)

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 work (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 individual department head 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

(more than \$90,000 for purchase or more than \$500,000 for construction)

Purchases or lease-purchases of apparatus, supplies, materials or equipment (item A above) estimated to cost more than \$90,000 or construction or repair contracts (item B above) estimated to cost more than \$500,000 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 department head 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.

DISCIPLINE

Failure to comply with the requirements of this policy may result in an individual being personally responsible for payment and may subject him or her to disciplinary action according to the Alexander County Personnel Policy.

See attachments for summary of statutory bidding requirements:

- A. Purchase Contracts
- B. Construction and Repair Contracts-Not Involving Buildings
- C. Building Construction and Repair Contracts