

MONTGOMERY COUNTY *Purchasing Policy*



Effective on July 1, 2006

Approved by:

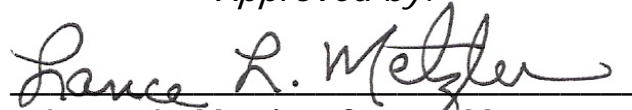

Lance L. Metzler, County Manager

TABLE OF CONTENTS

- I. Introduction**
- II. Establishment of The Purchasing Office**
- III. Procedures Manual**
- IV. The Duties of The Purchasing Office**
- V. Authorizations**
 - A. Approval of Purchases**
 - B. Award of Bids**
 - C. Service and Lease Contracts**
 - D. Construction or Repair Work Delegation**
 - E. Procurement of Architectural, Engineering & Surveying Services**
 - F. Change Orders**
 - G. Disposal of Personal Surplus Property**
- VI. Electronic Advertising**
- VII. Minority Business Enterprise Goal**
- VIII. Purchasing Program Integrity**

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 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 Statutes 153A-11. The provisions within this policy shall be in compliance with the North Carolina General Statutes regarding purchasing. This Purchasing Policy establishes rules and regulations to govern all purchases and contracts by Montgomery County. Purchasing statutes and rules may change from time to time and this policy shall be updated periodically to reflect these changes.

II. ESTABLISHMENT OF THE PURCHASING OFFICE

The purchasing duties are hereby established and shall be under the supervision of Director of Finance. The Director of Finance has complete authority and responsibility for the control and supervision of the entire purchasing process. For the purpose of this policy, the term "purchasing duties" shall be executed by 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 Montgomery County at the lowest possible cost. Finance 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 POLICY

It is the responsibility of the Finance Office to prepare and maintain a Purchasing Policy that details the purchasing process and any delegated duties. This Purchasing Policy must be approved and signed by the County Manager when amended. 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 Policy 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 Policy.

IV. THE DUTIES OF THE FINANCE OFFICE

The duties of the Finance Office pertaining to purchasing shall include the following:

- A. Prepare and maintain a Purchasing Policy that will be used by all departments of the County.
- B. Supervise procurement transactions for all goods and services for the County.
- C. Provide adequate training necessary for department personnel to adhere to the provisions within this policy and the Purchasing Policy.
- D. Oversee 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.
- E. Establish and maintain a current list of qualified vendors.
- F. Supervise the County's procedures for the recording and maintaining of fixed asset records. For the purpose of this policy, a fixed 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.

- G. Supervise the County's procedures for the disposal of surplus property and surplus property records.
- H. Approve and issue all purchase orders and the encumbrance of purchase orders into the accounting system.
- I. Retain documentation of all purchasing records, which shall be subject to public inspection at any time.
- J. Maintain a file of all contracts and be responsible for the preparation of a contract ledger and the encumbrance of contracts into the accounting system.
- K. 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.

V. AUTHORIZATIONS

A. APPROVAL OF PURCHASES

The annual budget adopted by the Board of Commissioners serves as *approval* for all purchases and contracts set forth in the budget. The Board of Commissioners must approve any additional funds through a budget amendment.

B. AWARD OF BIDS

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

- Less than \$5,000 - Finance Officer
- At least \$5,000 but less than \$30,000 - County Manager
- \$30,000 and more - Board of Commissioners

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

- Less than State Informal Bid Limit - County Manager
- State Informal Bid Limit - Board of Commissioners

EXCEPTIONS

1. On August 2, 2001, the North Carolina General Statutes regarding purchasing were amended to adhere to modern procurement practices. Included in the amendment were several exceptions for certain type purchases. This policy shall acknowledge and exempt those exceptions as listed below and authorize the County Manager to award such bids:

- (a) The purchase, lease, or other acquisition of any apparatus, supplies, materials, or equipment from any other government unit or agency thereof within the United States.
- (b) Cases of special emergency purchases involving the health and safety of the people or their property.
- (c) Purchases of information technology through contracts established by the State Office of Information Technology Services,
- (d) Purchases from contracts established by the State or any agency of the State, if the contractor is willing to extend to a political subdivision of the State the same or more favorable prices, terms, or conditions as established in the State contract.

- (e) Purchase of used apparatus, supplies, materials, or equipment. For purposes of this subdivision, remanufactured or prefabricated apparatus, supplies, materials, or equipment are not included in the exception.

2. 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 authorizes 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.

C. SERVICE AND LEASE CONTRACTS (Excludes Construction Services)

Although the North Carolina General Statutes do not impose requirements upon service and lease contracts, Montgomery 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.

D. 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 shall ensure compliance with applicable NC General Statutes and this policy.

E. PROCUREMENT OF ARCHITECTURAL, ENGINEERING, AND SURVEYING SERVICES

Pursuant to North Carolina General Statute 143-64.32, Montgomery County is hereby exempt from the provisions of Article 3D of the North Carolina General Statutes on particular projects where an estimated professional fee is in an amount less than thirty thousand dollars (\$30,000). The County Manager is hereby authorized to negotiate and sign contracts for architectural, engineering and surveying services when the estimate amount of the contract is less than thirty thousand dollars (\$30,000) and the funds to pay for the contracted services are properly appropriated.

F. CHANGE ORDERS

The County Manager is hereby authorized to approve change orders equal to or less than the amount of contingency in the approved budget ordinance.

G. DISPOSAL OF PERSONAL SURPLUS PROPERTY

Pursuant to North Carolina General Statute 160A-266(c), the Board of Commissioners hereby delegates the County Manager to declare surplus any personal property valued at less than thirty thousand dollars (\$30,000) for any one item or silent auction, to set its fair market value, and to convey title to the property for the County in accord with regulations. The Finance Office shall keep a record of all property sold under this section and that record shall generally describe the property sold 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. 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.

VI. ELECTRONIC ADVERTISING

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

VII. MINORITY BUSINESS ENTERPRISE GOAL

Pursuant to North Carolina General Statute 143-128.2, on Tuesday, June 20, 2006, Montgomery County Board of Commissioners adopted a Minority Business Outreach Plan in which the requirements for good faith efforts for formal construction contracts are outlined and detailed as mandated in G.S. 143-128.2.

VIII. PURCHASING PROGRAM INTEGRITY

Montgomery 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 16 day of May 2006.



William D. Mann
Chairman, Board of Commissioners

Rance R. Metzler
County Manager

Laura B. Morton
Clerk to the Board