

**SUBJECT: Purchasing Policy**

**PURPOSE:** To establish a uniform purchasing policy for the Town of Laurel Park.

**STATEMENT OF POLICY:** The goals of the Town’s purchasing program are 1) To comply with the legal and ethical requirements of public purchasing and procurement, and 2) To provide Town departments the required goods, equipment, and services at the time and place needed and in the proper quantity and quality.

**PURCHASING PROCEDURES – Supplies, Materials, Equipment, or Services**

**Less Than \$1,000** - Such purchases are normally made at the Department level. Upon receipt of the item, the invoice must be submitted to the Finance Officer in a timely manner. Under no circumstances may an order be split to stay under the \$1,000 threshold.

**(\$1,000-\$4,999)** - For all purchases \$1,000 and over, a quote and completed Purchase Requisition Form must be submitted to the Town Manager for approval (same exceptions apply as stated below for purchase orders). The person originating the requisition shall be responsible for contacting competing vendors to obtain the best price for the product to be purchased. Requisitions must show the account number to which the cost of the purchase shall be charged.

**\$5,000 and Greater** - Departments must follow the procedures above. Upon receipt of a Purchase Requisition for \$5,000 or greater, a Purchase Order will be issued, as detailed below.

**HOW A PURCHASE ORDER IS ISSUED**

A Purchase Order will be issued by the Finance Officer for all expenditures exceeding \$5,000, usually within one (1) working day following receipt of a properly approved requisition. All requisitions where the proposed expenditure exceeds \$5,000 shall also be approved by the Finance Officer and two Council members. If the Finance Officer is unavailable for signature, the other commissioners or Mayor may approve.

A purchase order issued to a local vendor will be returned to the appropriate Department Head for pick-up. Purchase orders to out-of-town vendors will be mailed unless the Finance Officer is given different instructions.

**WHAT SHOULD BE ORDERED BY PURCHASE ORDERS**

With the above statements in mind, there are a variety of exceptions to the Purchase Order requirement. If an item is not listed, Departments should assume the Purchase Order process applies.

**Purchases Not Requiring a Purchase Order:**

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| Professional services ( <i>accounting, legal, planning, engineering, architectural, etc.</i> )                          | Advertising ( <i>legal ads, etc.</i> ) |
| Other services provided by a current contract ( <i>waste collection, tank maintenance, etc.</i> )                       | Annual dues & memberships              |
| Items or services that are procured from a vendor with whom the Town maintains a limited charge account for purchasing. | Insurance premiums                     |
|   | Land purchases                         |
|   | Refunds                                |
|   | Utility services                       |

**WHEN A PURCHASE ORDER OR PURCHASE REQUISITION IS NOT REQUIRED**

When a procurement can be made without a purchase order or purchase requisition, a Department Head or his designee may purchase the item and obtain an invoice or statement from the vendor. The approved invoice, including the Department Head signature and account number to which the purchase is to be charged, must then be submitted to the Finance Officer for payment.

### **PAYMENT PROCEDURE**

After receipt of all material or services ordered, the Department Head will sign one (1) copy of the invoice, and if applicable, receiving report, and return the item(s) to the Finance Officer. The Finance Officer will attach the vendor's invoice to the receiving report before payment is made.

Except in an emergency or a specific request from the Town Manager, the Finance Officer will accumulate invoices and issue payment checks on the 10<sup>th</sup> and 25<sup>th</sup> of each month for purchases made during the previous month. Checks are normally signed by the Finance Officer and Town Manager. If either is unavailable, the Town Clerk or any member of the Council can substitute as the second signature. Under no circumstances may a check be signed by both the Town Clerk and Finance Officer, or two (2) Council members.

### **EMERGENCY PURCHASES**

In cases of emergencies, the Department Head or his designee may purchase directly from any vendor supplies or services whose immediate procurement is essential to prevent delays in work which may affect the life, health, safety, or convenience of Town employees or citizens. The user Department shall exercise good judgment and use established vendors when making emergency purchases. Not anticipating needs does not constitute an emergency situation. The Town Manager must be notified if a Department is making an emergency purchase and the appropriate documentation must be provided to the Finance Officer for processing the next business day. The Department Head must also provide a written explanation of the nature of the emergency.

### **PETTY CASH EXPENDITURES**

The Town of Laurel Park does not have a petty cash fund.

### **PURCHASE CARDS**

The use of Purchasing Cards is authorized in order to reduce or eliminate certain types of paper-based processing, thereby saving Town employees time and effort. The use of the Purchasing Card (P-Card) is not intended to change what items are purchased—only the method by which they are purchased. Purchases are regulated by the Town of Laurel Park Electronic Transactions Policy. *All purchases must comply with the Purchasing Policy, including the Purchase Requisition Form requirement.*

### **REIMBURSEMENT OF EXPENDITURES**

Any Staff or Council member requesting reimbursement for expenditures, must be verified by itemized return receipt. No expenditure will be reimbursed unless the Town's budget ordinance includes an appropriation authorizing such charge.

Council members requesting reimbursement for mileage for attending off-site meetings shall submit the request to the Finance Officer in writing and must include starting and ending mileage. Reimbursements will be made at the standard Internal Revenue Service rate for business mileage.

## **ELECTRONIC TRANSACTIONS**

### **Scope**

Town issued Credit Cards should only be used when:

- a. Making purchase for materials, supplies, and/or services that are for the official use of the Town of Laurel Park only;
- b. Making purchases for materials, supplies, and/or services than cannot be paid by means of an official check;
- c. Making purchases for materials, supplies, and/or services online or directly (in-person);
- d. Purchases, regardless of type, made with a Town issued Credit Card should not exceed the purchase transaction limit authorized by the Town Manager.
- e. Town issued credit cards will be assigned to employees who have direct authorization to make purchases using this method as approved by the Town Manager and Finance Officer. The employee must sign a "Purchasing Card Employee Agreement".

### **Authorization**

The Town Manager is authorized on behalf of the Town of Laurel Park to make appropriate application for credit cards, charge cards, or purchase cards. The Town Manager, Police Chief, Public Work Director and other Staff members as deemed appropriate by the Town Manager are authorized to make charges against the Town's credit card(s).

Such card(s) shall have a credit limit of not more than \$4,000 per card for the Administration department, a credit limit of not more than \$10,000 for the Public Works Department and not more than \$5,000 for the Police Department. There shall be a credit limit of not more than \$1,000 for all other credit cards. In addition, the Public Works Department shall be able to apply for credit accounts not to exceed \$5,000 to be used by authorized personnel for Town and park related purchases only.

No charge may be made against such credit card(s) unless the Town's budget ordinance includes an appropriation authorizing such charge.

All charges against such credit card(s) shall be paid in full each month. All charges must be verified by itemized return receipt or the individual who placed the charge against the credit card will be responsible for paying for the charge. Access to the purchasing card may be suspended at the discretion of the Town Manager. These cards are to be kept secure and must be logged in and out.

Any employee issued a credit card must turn the card into Finance immediately upon resignation notice or termination.

### **Use of Town issued Credit Cards**

Department Heads are to notify the Finance Officer immediately if the Town issued credit card has been lost, stolen, or compromised. The Finance Officer is responsible for canceling and

obtaining all Town issued credit cards. All expired or worn cards should be turned into the Finance Officer for proper documentation and disposal.

Town credit cards are to be used for Town business only. The use of the credit card to acquire or purchase materials, supplies, and/or services other than for official business is strictly prohibited. The card user is responsible for maintaining all vendor receipts and/or records until such time as the receipts/records are due to the Finance Officer.

The card user is responsible for all purchases made on the assigned card regardless of who used the card; *unless* the card was used fraudulent manner after loss or theft.

Town credit cards should not be shared and cardholders should not delegate use of the card to another employee without proper approval from the Town Manager.

The Purchase Requisition Form must be pre-audited in a manner required by the Local Government and Fiscal Control Act and NC Administrative Code 20 NCAC 03 .0409.

### **Procedure for Payment/Disbursement for Credit Card Charges**

Each credit card transaction must accompany a receipt to be submitted to the Finance Officer for payment. If a receipt has been lost, the cardholder must make a diligent attempt to obtain a duplicate receipt from the vendor. In the event this is not available, a “Lost Receipt Form” (Exhibit B) must be completed, which includes a detailed description and must be approved by the Town Manager. In the event the Town Manager needs to complete a “Lost Receipt Form” it must be approved by the Mayor. The Finance Officer has the right to seek reimbursement from an employee for undocumented and/or unauthorized purchases.

Accounts Payable will review all receipts to ensure compliance with all purchasing and pre-audit requirements and mandates pursuant to NC Administrative Code 20 NCAC 03.0409.

### **Action Due to Inappropriate or Accidental Use**

The use of a Town issued credit card to acquire or purchase goods and services other than for the official use of the Town of Laurel Park is considered fraudulent use. However, the Town recognizes that accidental use can occur. The Town reserves the right to cancel an individual employee card at any time due to any type of abuse.

If a cardholder accidentally uses a Town issued credit card for a personal purchase, the Finance Officer should be contacted immediately upon discovery. If the Finance Officer discovers the error, the employee will be contacted immediately. The employee must submit the receipt for the purchase and a copy of the credit card bill showing the transaction has posted to the employee’s personal account.

### **Inappropriate or Fraudulent Use**

If a cardholder makes an inappropriate or fraudulent purchase, the Town Manager or Mayor (in the case of the Town Manager) shall be notified immediately regarding the transaction.

A cardholder guilty of fraudulent use or repetitive inappropriate charges will be subject to disciplinary action, up to and including dismissal, in accordance with the guidelines of the Town’s Personnel Policy. The Town has the right to file a police report and press charges for fraudulent use of Town issued credit cards.

**Authorized Transactions** - All authorized uses listed below assume unencumbered funds are available in the appropriate department.

- a) Payment for all approved Town purchases.
- b) Lodging reservations and payment for Town-approved conferences or meetings.
- c) Online and telephone purchases.

**Unauthorized Transactions**

- a) Personal use
- b) Any nonofficial purpose
- c) Fuel for private automobiles. Travel is reimbursed at the mileage rate.

**STATE REQUIREMENTS FOR PURCHASING AND CONTRACTING**

The General Statutes of the State of North Carolina establish dollar thresholds that trigger the formal bidding process for both construction or repair and purchase of apparatus, supplies, materials, and equipment. Where formal bids are required, the Town will follow the procedure outlined in G.S. 143-129, G.S. 143-64.31, and G.S. 143-64.32.

Purchases of less than \$30,000 will be made in the open market and every effort should be made to obtain three (3) written quotes.

G.S. 143-64.32 allows units of local government exemption from provisions of particular projects where an estimated professional fee is in an amount less than \$50,000 for procurement of architectural, engineering, and surveying services.

For all purchases above \$30,000 and below the state mandated thresholds for formal bids, informal bids must be obtained as outlined in G.S. 143-131. If it is expected that a purchase may exceed \$30,000, the requesting Department shall solicit quotations from two (2) or more qualified vendors. It shall be the duty of the requesting Department to keep a record of all bids submitted, and such record shall not be subject to public inspection until the contract has been awarded. The information obtained shall be filed by the Town Clerk with a copy of the Purchase Order.

**EFFECTIVE:** Immediately

**DATE:** 06/16/22

**APPROVAL:** \_\_\_\_\_  
MAYOR

\_\_\_\_\_  
TOWN MANAGER

**LAST REVISED:** 06/16/22