

**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:**

Professional services (*accounting, legal, planning, engineering, architectural, etc.*)

Other services provided by a current contract (*waste collection, tank maintenance, etc.*)

Items or services that are procured from a vendor with whom the Town maintains a limited charge account for purchasing.

Advertising (*legal ads, etc.*)

Annual dues & memberships

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.

### **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. *All purchases must comply with the Purchasing Policy, including the Purchase Requisition Form requirement.*

Purchasing Cards are issued to those permanent full-time employees who routinely make purchases on behalf of the Town. P-cards are not tied to job description, and the Town Manager may use discretion when assigning cards. The employee must sign a “Purchasing Card Employee Agreement” verifying agreement to conditions of use. This agreement may be periodically updated and all P-card users must sign the most current form in order to continue using the card.

**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.


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.

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:** 11/01/98

**APPROVAL:**

  
\_\_\_\_\_  
MAYOR

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

**LAST REVISED:** 08/18/20