

Town of Clayton
Purchasing Policy and Procedures
Effective May 1, 2012



Summary - Purchasing Procedures at a Glance

To purchase materials or equipment:

1. Review Budget to ensure availability of funds.
2. Submit Requisition Request in New World Systems (NWS). If item qualifies as a Fixed Asset, then select appropriate Fixed Asset Item.
3. Purchase Order is created in NWS after completion of electronic approval process.
4. Order executed for goods or services requested.
5. Physical receipt of goods or services.
6. Complete electronic Receipt of Goods function in NWS.
7. Approve invoice for payment.
8. Complete Fixed Asset Input Form, if applicable.

To purchase professional services:

1. Coordinate Request for Proposal (RFP), Request for Bid (RFB), or Request for Qualifications (RFQ) with Purchasing Officer, Department Head, Deputy Town Manager, or Town Manager as deemed appropriate (Refer to Mini Brooks Act).
2. Review and selection of "best suited" firm.
3. Negotiate contract.
4. Execute Contract. Most service contracts must be executed by the Town Manager unless otherwise delegated.
5. If the contract includes a pre-audit statement, then it must also be executed by the Finance Director.
6. Service contracts must be kept on file with the Town Clerk.

NOTE: The above summary is only intended to be an overview of the basic purchasing procedures.

Purchasing Policy and Procedures

Mission Statement

The mission of the Purchasing Policy and Procedures is to guide employees on how to procure the highest possible quality of goods and services for the Town of Clayton at the lowest possible cost. It is designed to support all departments and associated functions. When utilized correctly in conjunction with process planning, project planning, good judgment, and common sense, the policies and procedures established herein will enable Town staff to obtain necessary equipment, materials, supplies, and services efficiently and economically. All staff members are responsible for exercising good stewardship in the use of public resources.

To achieve this mission, certain guidelines and procedure have been established and must be followed in order to ensure budgetary control over Town resources, compliance with applicable federal, state and local government regulations, and maximum value for funds being expended. Each Supervisor and Department Head, in conjunction with the Town Manger and Deputy Town Manager, will ensure compliance and manage purchasing activity within available resources to meet present and future needs and help the Town to meet its service and operational goals.

General Purchasing Guidelines

Local Buying

1. The Town intends to purchase from vendors located in Clayton or within Johnston County whenever feasible. Exclusive or favorable preference to local vendors is not required.
2. A reasonable effort will be made to include local vendors that supply goods and services needed by the Town in the competitive purchasing process.
3. Purchase decisions must be made on best value and statutorily prescribed guidelines.

Authorization Limits

1. Departments have direct departmental purchasing authority for purchases up to \$500 and can be made without an approved Purchase Order (PO). Department Heads may utilize a threshold below \$500 at their discretion.
Exceptions:
 - Departments are not authorized to make inventory item purchases without an approved PO regardless of the dollar amount.
 - Computer and related items: All computer, software and related items (printers, scanners, monitors, etc.) must be coordinated through and approved by the Deputy Town Manager.
2. Purchasing Card (PCard): For purchases \$500 dollars or less the PCard is the preferred method of payment except for food and per diem meal allowance purchases, which are prohibited. The PCard Program is designed to streamline the order and payment for purchases with a total cost of \$500 or less. Other forms of payment include invoice billing and check requests. Petty cash is only an acceptable form of payment in the event of an emergency.

3. All purchases exceeding \$500, including contracts, must be processed through the requisition process in New World Systems (NWS) so an approved PO can be issued. Refer to Purchasing Requisition/Purchase Order Preparation below.
4. Exceptions to the \$500 limit are registration fees and travel related items, such as airfare and lodging. The PCard is the preferred method of payment for registration fees, airfare, and lodging. Refer to the Travel, Food, and Beverage Policy for specific details.
5. Splitting the cost of a purchase that exceeds the established PO threshold into two or more transactions that are within the threshold will be considered “stacking”, which is prohibited.

Approval Process

1. The approval process will practice the one-over-one principle, which means consultation with and gaining the agreement of an individual one senior to the individual making the decision or taking the action.
2. \$500 or less: Department Head or authorized designee signature approval is required for all non-PCard purchases. Electronic approval in Works is required for all PCard purchases.
3. Over \$500: Approval is required in accordance with the electronic workflow process setup in NWS. Signature approval by the Department Head or authorized designee is required when electronic workflow approval isn't available.

Purchasing Requisition/Purchase Order Preparation

1. Purchases of goods and services, including contracts, greater than \$500 and all Inventory Items: A Requisition Request must be completed in NWS prior to ordering the goods or service. Refer to Instructions to Prepare a Requisition in NWS for specific details.
2. If the cost of the goods or service is unknown, then assign the Requisition Request to the Town Purchasing Officer. The Purchasing Officer will obtain a price quote and inform the department before proceeding further.
3. Blanket Purchase Orders: If a Department has recurring charges with a vendor in excess of \$500 for goods and services and the final dollar amount is unknown, then a blanket PO needs to be utilized. A blanket PO can cover a period not to exceed six (6) months. Accounts Payable is authorized to pay invoices associated with a blanket PO without a separate PO for each invoice.
4. The PO is not valid unless signed by the Finance Director.
5. Obtaining supplies, materials, equipment, or services without a valid PO is considered an unauthorized purchase except in specifically defined emergency situations. Unauthorized purchases will be classified as personal and the purchaser may be held responsible for the expenditure and subject to disciplinary action.

Receipt of Goods

1. The Receipt of Goods process in NWS must be utilized for all Inventory Items and is the preferred method of receipt for all other POs. Refer to Instructions to Complete a Receipt of Goods in NWS for specific details.
2. The original packing list must be forwarded to Accounts Payable for all goods that do not require a PO as evidence that the goods were received prior to payment of the invoice. The receiving department must acknowledge receipt by writing the actual quantity received and receipt date on the packing list.

Special Procurement Procedures

Emergency Purchase

1. In the event of an emergency, the Town Manager, Deputy Town Manager, or Department Head or an authorized designee may purchase goods or services directly from any vendor **only** when immediate procurement is essential to prevent delays in work, which may adversely impact the life, health, or safety of the citizens or employees of the Town of Clayton.
2. Each Department must exercise good judgment and use established vendors when making emergency purchases. Always obtain the best available price and limit the purchase to only the items that are required to resolve the emergency.
3. Each Department needs to anticipate its needs to prevent emergency situations whenever feasible. Emergency orders are generally more costly since there is no time for negotiation between the Town and the vendor. Poor planning or the lack thereof does not constitute an emergency situation.

Sole Source Vendor

1. If only one (1) vendor is available or capable of providing a specific good or service in a manner that meets the Town's requirements, then the Department Head can waive the competitive pricing requirements.
2. The Department Head must document the justification for utilizing a "sole source" vendor in the Purchase Requisition.

State of North Carolina Term Contracts

1. The Purchasing Officer may utilize State Term Contracts and area HUB vendors as a means to procure any capital and non-capital items, if feasible, to ensure compliance with the North Carolina General Statutes and to maximize the value of taxpayer dollars spent.
2. Departments need to consult the Purchasing Officer regarding the utilization of State Term Contracts and/or area HUB vendors.

Competitive Bids

Formal Bids for Equipment, Materials, or Supplies

1. Purchases of equipment (apparatus), materials, or supplies with an estimated total cost exceeding \$90,000 must utilize a formal bid process consistent with the parameters of G.S. 143-129(a).
2. The Town may choose to utilize formal bid process for purchases with an estimated total cost between \$50,000-\$90,000 if doing so is expected to produce a best cost value and more competitive purchasing environment.
3. Purchases greater than or equal to \$90,000 or other purchases involving a formal bid process will require the Department Head or designee in conjunction with the Purchasing Officer to develop and prepare specifications for the bidding process, generally in the form of an RFP.
4. The Town may utilize an outside consultant to assist with the development of standard specifications for complicated or specialized purchases.

5. The Purchasing Officer and Department Head are responsible for ensuring compliance with the applicable North Carolina General Statutes (NCGS), including and not limited to, advertisement and receipt of sealed bids.
6. Bid bonds may be required or waived consistent with NCGS requirements and depending on the complexity and evaluation of value for the Town in the overall purchasing process.
7. The Department Head or designee and Purchasing Officer will review the bids and perform an evaluation to select the bid that is deemed "in the best interest of the Town". The Department Head or designee will make a formal recommendation of the award, including the supporting documentation, to the Town Manager, Deputy Town Manager, Finance Director, and Town Council.
8. The Department Head or designee will notify the successful bidder. The Purchasing Officer will initiate a Purchase Order in NWS after formal approval and adoption by Town Council.

Informal Bids for Materials and Supplies (\$10,000-\$89,999.99)

1. Upon receipt of a Purchase Requisition generated in NWS, the Purchasing Officer will typically utilize an informal bidding process for all purchases greater than or equal to \$10,000 and less than \$89,999.99, generally in the form of a Request for Bids (RFB).
2. The RFB will be sent to a minimum of three (3) qualified vendors, when feasible.
3. The Purchasing Officer will review and evaluate each RFB submitted to determine the best available quote and notify the vendor awarded the bid.

Purchase of Materials and Supplies (Less than \$10,000)

1. Upon receipt of a Purchase Requisition generated in NWS, the Purchasing Officer will request a minimum of three (3) written price quotes from qualified vendors, when feasible.
2. The Purchasing Officer will review and evaluate each quotation submitted to determine the best available quote and notify the vendor awarded the purchase.

Formal Construction or Repair Contracts (\$300,000 and above)

1. Construction projects with a cost greater than or equal to \$300,000 require a formal contract. The responsibility for projects that meet the above criteria, including the specification development, will be assigned to the applicable Department Head, the designated engineer, and other Town officials deemed necessary. The Purchasing Officer may be utilized to coordinate the formal competitive bidding process, if desired.
2. All formally bid construction or repair contracts shall require development of specifications prepared by a registered architect or engineer.
3. The Department Head and Purchasing Officer, if utilized, will review the bids and perform an evaluation to select the bid that is deemed "in the best interest of the Town".
4. The Department Head will make a formal recommendation of the award, including the supporting documentation, to the Town Manager, Deputy Town Manager, Finance Director, and Town Council.
5. Recommendations will be made on selection of the lowest responsible, responsive bid taking into consideration quality, performance, timeline specified in bid, and compliance with G.S. 143-128.2.

6. Methods for awarding contracts for repair or construction projects may include any one of the approaches outlined in G.S. 143-128 (a.1).
7. The Department Head or designee will notify the successful bidder and initiate a Purchase Order in NWS after formal approval and adoption by Town Council.

Informal Construction or Repair Contracts (Less than \$300,000)

1. Construction, renovation, and repair projects with a cost less than \$300,000 may follow an informal bid process but still require a formal contract. The responsibility for projects that meet the above criteria, including the specification development, will be assigned to the applicable Department Head, the designated engineer, and other Town officials deemed necessary. The Purchasing Officer may be utilized to coordinate the informal bidding process, if desired.
2. Construction contracts that affect life safety systems with a cost of \$100,000 or more and repairs to include major structural change in framing or foundation support systems or additions to public buildings with a cost of \$135,000 or more shall require development of specifications prepared by a registered architect or engineer.
3. The preparation of a RFB is recommended.
4. The bid will be awarded to the lowest bidder deemed “in the best interest of the Town”. Upon approval by the Town Manager, the contract will be executed and the Department Head or designee will initiate a Purchase Order in NWS.

Purchasing Card (PCard) Roles and Responsibilities

Cardholder Responsibilities

1. Cardholders act as purchasing agents of the Town and must comply with the Town Purchasing Policy and Procedures.
2. Sign the Cardholder Agreement prior to issuance of a PCard.
3. Do not lend or share their PCard and must keep their PCard secure and account number confidential.
4. Use PCard for Town business only.
5. Do not split the cost of a purchase that is over the assigned transaction limit into two or more charges that are within the transaction limit.
6. Provide the original receipt or record of purchase for each transaction to the Finance Department on a weekly basis but no later than 5:00 pm each Thursday. Receipts will be affixed to 8-1/2 x 11 sheet of paper with the Cardholders name on top.
7. Login to the Works Portal to review each transaction and execute the Sign Off function on a weekly basis but no later than 5:00 pm each Thursday. If a holiday falls on a Thursday, then the previous business day will be substituted for compliance purposes.
8. Notify Bank of America directly if unauthorized transactions occur.
9. Coordinate returns directly with the vendor.

Supervisory Responsibilities (Department Director)

1. Determine eligibility and request issuance of PCard for employees under their responsibility through coordination with the Finance Department.
2. Obtain appropriate transaction documentation from Cardholder if required by departmental practice.
3. Login to the Works Portal to review and approve Cardholder transactions on a weekly basis but no later than 5:00 pm each Thursday. If a holiday falls on a Thursday, then the previous business day will be substituted for compliance purposes.
4. Initiate appropriate action when misuse becomes apparent.
5. Notify Finance Department of Cardholder account changes.

Program Administrator Responsibilities

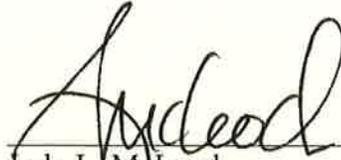
1. Finance Director shall serve as the Program Administrator and is responsible for the overall Procurement Card Program.
2. Manage Cardholder training.
3. Manage enrollment, account setup and maintenance in the Works Portal.
4. Manage card activation.
5. Manage maintenance of onsite Cardholder records.
6. Serve as a liaison between the Bank and Cardholders.
7. Authority to recommend termination of a PCard for misuse.

Program Accountant Responsibilities

1. Verify completion of reconciliation process in the Works Portal.
2. Verify original receipt or purchase record received for each transaction.
3. Close each transaction after completion of sign off and approval in the Works Portal.
4. Reconcile monthly credit card statement.

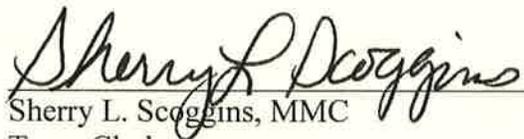
5. Affix receipts or purchase record to associated credit card statement.
6. Conduct Cardholder training.
7. Fulfill delegated responsibilities for new user and card requests in the Works Portal.
8. Notify Program Administrator of any discrepancies, issues, or problems.

Duly adopted this 6th day of February 2012, while in regular session and effective May 1, 2012.

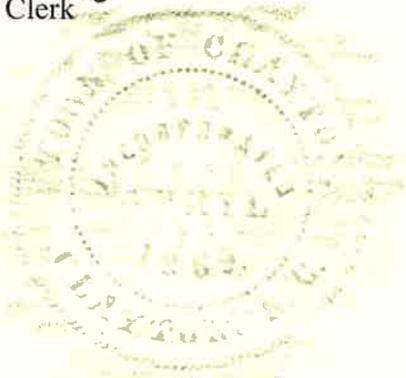


Jody L. McLeod
Mayor

ATTEST:



Sherry L. Scoggins, MMC
Town Clerk



TOWN OF CLAYTON

Employee Cardholder Agreement

I, _____ (employee name), hereby acknowledge being issued a PCard. As the holder of this Card, I agree to comply with the following terms and conditions regarding my use of the Card.

- I understand that I am being entrusted with property of the Town of Clayton--a PCard--with which I will be making financial commitments on behalf of the Town.
- I understand that the Town is liable to Bank of America for all charges made on the PCard.
- I agree to use this PCard for approved Town business purchases only and agree not to use it for personal purchases under any circumstances. I understand that there will be audits of the monthly statements regarding this PCard and management will take appropriate action in the event of misuse.
- I will follow the established policy and procedures for the use of the PCard. Failure to do so or any abuse and/or misuse of the PCard may result in revocation of my use privileges and/or disciplinary action(s) up to and including dismissal and criminal prosecution, in accordance with disciplinary policies of the Town of Clayton.
- I have been given a copy of the Town of Clayton Purchasing Policy and Procedures and understand the requirements and responsibilities for PCard use.
- I agree to return the Purchasing Card immediately upon request or separation from employment (including termination, transfer, resignation or retirement).
- If the PCard is lost or stolen, I agree immediately to notify Bank of America and the PCard Program Administrator.
- I am aware of my responsibility for reporting any misuse of this PCard.

EMPLOYEE SIGNATURE

DATE

cc: PCard Program Administrator

Revised: **May 1, 2012**