

TOWN OF FOREST CITY

PURCHASING POLICY



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I. GLOSSARY

Bid: A multi-step process required of the Town by North Carolina General Statutes. Quotes from three separate vendors are required during any bid process unless the goods or services to be supplied are produced by only one vendor.

Informal Bid: A bid on items above \$30,000 but below \$90,000 or on professional services under \$500,000. Requests for quotes are not required to be advertised to the public.

Formal Bid: A bid on items of \$90,000 and above or on professional services \$500,000 and above. Public advertisement of the request for quote and bid process must be made, bids must be opened in a public forum, and Town Council must approve the winning bid.

Quote: A price provided by a vendor on a provided good or service.

Informal Quote: A quote received via verbal communication, email, website, catalog, or fax.

Formal Quote: A price quote received via U.S. Mail, email, fax, or hand delivery.

Requisition: Input into the financial system by a department to request the generation of a purchase order by the Finance Department prior to a purchase.

Purchase Order (PO): Authorization for the purchase of goods sent by the Finance Department to a vendor prior to the purchase.

Request for Written Quotation (RFQ): A request sent to a vendor for a written quote on a certain good or service.

Encumbering: To commit a given amount of money to the payment of an order.

Purchasing/Procurement: Interchangeable, how the Town obtains needed goods and services.

Department Head: The individual authorized to make purchasing decisions on behalf of their department.

Vendor: Provider of a good or service.

II. INTRODUCTION

A local government's power to make purchases and enter into contracts 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 municipalities is found in North Carolina General Statute 160A-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 the Town of Forest City.

This purchasing policy is intended for use as a guide to the Town of Forest City's purchasing methods and practice. When used properly, the policies and procedures established herein will enable the Town to obtain needed goods and services efficiently and economically. The goal of this policy is to give structure to the Town's procurement methods and to set guidelines for Town departments.

The understanding and cooperation of all employees is essential for the Town to maximize the value of each taxpayer dollar spent. While this manual does not answer all procurement related questions, it provides a sound foundation for Town procurement methods.

The goals of the Town's purchasing program are as follows:

1. To comply with legal and ethical requirements of public purchasing and procurement.
2. To assure vendors that impartial and equal treatment is afforded to all who conduct business with the Town.
3. To receive maximum value for money spent by awarding purchase orders to the lowest responsible, responsive bidder, taking into consideration quality, performance, delivery schedule, previous performance, business location, and other relevant factors.
4. To provide Town departments with the required goods and services in a timely manner in the proper quantity and quality while providing necessary information to the Town Finance Department.
5. To professionally administer the search for sources of supplies, the development of new sources, the selection of suppliers, negotiations, commitments, follow-ups, and adjustments.
6. To promote healthy business relationships through informed and fair purchasing practice and maintenance of ethical standards.
7. To maximize the standardization of products used by all departments to minimize stock levels and obtain better prices for necessary goods and services.

If the procedures and guidelines established in this manual are followed, each department will be capable of managing, controlling, and planning available resources to meet present and future needs. Purchasing statutes and rules may change from time to time and this policy shall update periodically to reflect these changes. Any questions or concerns about this manual or the established procedures should be directed to the Town Finance Department.

This policy is effective immediately following Town Council adoption and supersedes all previous purchasing or procurement instructions or directives.

III. GENERAL GUIDELINES AND AUTHORIZATION FOR EXPENDITURES

3.A LOCAL BUYING

It is the desire of the Town of Forest City to contract with vendors within Rutherford County whenever possible. This can be accomplished by ensuring that local vendors who have goods or services available, which are needed by the Town, are included in the competitive purchasing process. The Town has a responsibility to its citizens and local businesses; however, the Town must ensure taxpayer money is spent with prudence. The Town does not make purchasing decisions based exclusively on the location of the vendor; however, every effort will be made to encourage qualified local vendors and suppliers to compete for Town business.

3.B PLANNING

It is imperative that all Town departments take time to properly plan purchases. Purchasing plans should be made for goods and services to be purchased in both the near and distant future; thereby minimizing small orders and last-minute purchases. Planning is of highest importance to the Town because proper planning reduces unnecessary clerical and supervisory time costs associated with the procurement process. Purchases during the month of June, when preparing for fiscal year end may also be limited.

3.C PURCHASE AUTHORIZATION

Funds must be properly appropriated or budgeted to meet contractual obligations. Prior to the issuance of a contract, agreement, or purchase order, the Finance Director shall verify that sufficient funds remain available within the applicable budget appropriation to satisfy the financial obligation.

In accordance with G.S. 159-28(a), a pre-audit certification signed by the Finance Director, or duly authorized deputy finance officer, must appear on all contracts, agreements, and purchase orders before it becomes a binding obligation of the Town. The purpose of the purchase order process is to ensure that adequate funds are available and properly encumbered before a purchase commitment is made.

Pursuant to G.S. 159-28(e), any officer or employee who incurs an obligation or authorizes the expenditure of funds in violation of this statute may be held personally liable for the amount improperly committed or disbursed. Additionally, any finance officer or deputy finance officer who knowingly issues a false pre-audit certification may likewise be held personally liable for any funds unlawfully obligated or expended.

The purchase of supplies, materials, equipment, or services without proper authorization is strictly prohibited. Unauthorized purchases may not be recognized or paid by the Town, and

the individual responsible for the unauthorized obligation may be held personally responsible for all associated costs.

3.D TYLER ERP PRO 10 FOR PROCUREMENT

The Town uses Tyler for procurement activities. All purchases with the exception of those listed in Section 3.E should be entered by the requesting department via a Tyler requisition. Upon entry of a requisition, the appropriate approval flow is automatically populated. Once the requisition is approved, a purchase order will then be generated and forwarded to the department for placing the order. Orders are not to be placed by departments with the vendor until the approved Purchase Order number has been assigned. Please reach out to the Town Finance Department for any related questions.

3.E PURCHASES NOT REQUIRING A PURCHASE ORDER

- Legal advertisement
- Town dues and subscriptions
- Claim payments (citizens filing for damages/reimbursement)
- Insurance
- Postage
- Refunds
- Permits
- Utilities (electricity, water, sewer, cable, internet, natural/propane gas, trash, etc.)
- Lease purchase payments
- Debt service payments
- Approved travel arrangements and accommodations
- Professional services
- Projects with a Capital Project Ordinance
- Special Appropriations
- Credit Card/P-Card purchases below \$1,000

3.F CASH PURCHASES

Cash purchases should be avoided, but in the event, it is not feasible to be billed for very small purchases, the employee may, with department head approval, buy the item and be reimbursed. The employee must submit a receipt for reimbursement accompanied by a completed Check Request Form approved by the Department Head. The request must be sent to the Finance Department with an explanation or purpose for the expenditure for reimbursement. Reimbursement will be made in the next regularly scheduled check run.

3.G CONFLICT OF INTEREST

The Conflict-of-Interest statute prohibits public officials (Mayor, Council Members, and Department Heads) or employees who are involved in the making or administering of a

contract from deriving a direct benefit from the contract. Town employees shall not have any financial interest or personal beneficial interest, either directly or indirectly, in the purchase of material, equipment, supplies, nor in any firm, corporation, partnership, or association furnishing material, equipment, or supplies. Violation could be considered a misdemeanor.

3.H GIFTS AND FAVORS

Town employees are prohibited from soliciting or accepting any rebate, money, entertainment, gift, or gratuity from any person, company, firm, or corporation to which any purchase order or contract is, or might be awarded. The Town will not tolerate circumstances that produce, or reasonably appear to produce, conflicts between the personal interests of an employee and the interest of the Town. Accordingly, the Town may terminate, at no charge to the Town, any purchase order or contract if it is found that substantial gifts or gratuities were offered to a Town employee. The Town may also take disciplinary action, including dismissal, against a Town employee who solicits or accepts gifts or gratuities of any value whatsoever.

Please refer to Article V. Section 7 of the Personnel Policy regarding Acceptance of Gifts and Favors.

3.I SALE OF TOWN PROPERTY

The following procedures should be followed for disposal of surplus property:

1. Departments should dispose of surplus property through the Town Clerk.
2. Surplus property will be offered to Town departments before being sold by auction, electronic auction, or delivery to the State surplus facility.
3. Property, either individually or a similar group of items, with an estimated current value of greater than \$5,000, must be declared surplus by the Town Council. The Town Council has designated authority to the Town Manager to declare property as surplus with an estimated current value less than or equal to \$5,000.
4. The Town Manager may dispose of surplus personal property by any means which is judged to be reasonably calculated to yield the highest attainable sales price.
5. The Town Clerk shall maintain records of all property sold or exchanged, which shall include a general description of the property sold, to whom it was sold, or with whom exchanged, and the amount of money or other consideration received for each sale or exchange.
6. The Town may discard any personal property that is:
 - A. Determined to have no value.
 - B. Remains unsold or unclaimed after the Town has exhausted efforts to sell the property using any applicable procedures under N.C. General Statutes.
 - C. Poses a potential threat to public health or safety.

3.J ELECTRONIC PAYMENTS/CREDIT CARDS/P-CARDS

The Town Council has authorized the Town of Forest City to utilize electronic payments in accordance with G.S. 159-28. Pursuant to 20 NCAC 03 .0409 and 20 NCAC 03 .0410, this policy establishes procedures for the pre-audit of obligations incurred through electronic payments and for the disbursement of funds by electronic transactions.

Prior to Making a Transaction

Before initiating an electronic payment or credit card transaction, the employee making the purchase must ensure that:

1. An approved budget ordinance, project ordinance, or grant ordinance authorizes the expenditure; and
2. Sufficient funds remain available within the applicable appropriation to cover the anticipated expenditure for the current fiscal year, or the full project amount when accounted for within a project or grant ordinance.

After Completing a Transaction

Following each transaction, the employee shall:

1. Provide a detailed receipt or invoice for each transaction charged to the credit card or P-Card. Internet purchases must include a copy of the order confirmation or receipt page.
2. Submit all supporting documentation to the Department Head for review and approval. The approval documentation must include:
 - The purchase order number, when applicable;
 - The general ledger account number to be charged; and
 - The Department Head's signature or approval authorization.
3. Forward all approved documentation, including receipts, monthly credit card statements, and journal reports, to the Finance Department by the end of each month.

Undocumented Transactions

Transactions submitted without supporting documentation or receipts are prohibited and may be considered personal expenditures unless the employee provides written justification approved by the Department Head. The explanation must include:

- A description of the items purchased;
- Date of purchase;
- Vendor name;
- Reason documentation is unavailable; and
- Department Head approval.

The Finance Department reserves the right to request additional supporting information or deny reimbursement/payment of undocumented transactions. Any disallowed transaction shall become the personal financial responsibility of the employee.

3.K VENDORS WITH TOWN ACCOUNTS

The Town should have accounts with certain vendors where possible in order to expedite the purchasing process for frequently needed minor items. In the event the Town has an account with a certain vendor, Town employees should not use credit or purchase cards to obtain goods or services from the vendor. Proper purchasing procedures should be followed, and only authorized purchases should be charged to Town accounts.

3.L ORDER FOLLOW-UP AND PAYMENTS

The procurement function is not accomplished by simply placing an order with the supplier. Satisfactory delivery must also be made. To ensure delivery will be made when required, follow-up is necessary. Follow-up or expediting delivery of an order is part of the purchasing process and can be more efficiently handled by the purchasing party.

The Finance Department will, on a regular basis, send a list of the outstanding Purchase Orders to the appropriate Department Head for their review to follow up on orders that have not been filled in a timely manner.

Some vendors offer a discount if their invoices are paid promptly. To take advantage of this discount and to maintain good vendor relations, it is important that all invoices, packing slips, and receiving reports be forwarded to the Finance Department without delay. These documents should reach the Finance Department within 1 to 3 business days after their receipt. If late fees are assessed due to the delinquency of an invoice that was not submitted timely to Finance and the vendor will not waive the fee, the fee will be charged to the applicable departmental budget.

Some purchase orders may list several items. It is possible the vendor may complete timely delivery on some items, which are referred to as "partial deliveries". Upon receipt of a partial delivery, photocopy the purchase order; attach the original signed delivery receipt and forward to the Finance Department indicating which lines of the PO are to be paid.

IV. PURCHASING PROCEDURES

The required purchasing procedures for a requisition vary based on the dollar amount of purchase. The purchasing process is designed to provide a proper system of internal control over purchasing, to ensure that the proper authorizations are obtained before items are purchased, and to ensure that statutory requirements for purchasing are followed. There are different Local and State requirements for purchasing, bidding, and contracting based on the type of purchase made. Therefore, this section is broken into the following sections:

- Purchases of Apparatus, Supplies, Materials or Equipment
- Construction and Repair Work
- Service Contracts

- Limitations of Procurement
- Exceptions to the Bid Process (G.S. 143-129)
- Special Procurement Procedures

4.A PURCHASES OF APPARATUS, SUPPLIES, MATERIALS, OR EQUIPMENT

1. Purchases Less Than \$1,000

Purchases for less than \$1,000 may be made with the approval of the Department Head without issuance of a purchase order. Employees must obtain and submit the original invoice or receipt, secure written approval from the Department Head, assign the appropriate general ledger account number, and forward all documentation to the Finance Department for payment processing.

Whenever possible, purchases should be made from reputable vendors willing to invoice the Town directly. The intentional division of purchases for the purpose of avoiding requisition or purchase order requirements is strictly prohibited.

2. Purchases Between \$1,000 - \$4,999.99

A requisition must be submitted and approved prior to the purchase of any item or related group of items exceeding \$1,000. Once reviewed and approved by the Finance Department, the requisition will be converted into a purchase order.

Competitive quotes are not required for purchases below \$5,000. Department Heads are responsible for determining the necessity of the purchase and ensuring that goods or services are obtained at the best value, considering quality, suitability, and cost.

3. Purchases Between \$5,000 - \$29,999.99

When available, North Carolina State Contract pricing shall first be reviewed to establish a pricing benchmark for the proposed purchase. Departments may utilize a State Contract, an approved Cooperative Purchasing Agreement, or proceed through the

written quotation process. If a State Contract or Cooperative Purchasing Agreement is used, supporting documentation identifying the contract name and contract number must be attached to the requisition.

If no applicable contract source is used or available, departments must solicit a minimum of three (3) written quotes by email, fax, mail, or hand delivery. Quotes must be submitted to the Finance Department along with the requisition. The requisition will not be approved until all required quotes, or written justification for the absence of three quotes, have been received.

Quotes should be based on comparable items, equal quantities, and delivered pricing. If fewer than three quotes are obtainable, or if the lowest quote is not selected, written justification must accompany the requisition.

In cases where goods or services are available from only one vendor, the requisition must clearly identify the purchase as a "sole source" procurement and include supporting justification.

If a department reorders the same item within twelve (12) months of a previous quote and the vendor agrees to honor the prior pricing, new quotes are not required. Documentation identifying the prior quote date and purchase order number must accompany the requisition.

Following Finance Department review and approval, the requisition shall be converted into a purchase order.

4. Purchases Between \$30,000 - \$89,999.99

(Informal Bid Range- Special Procedures)

Where available, North Carolina State Contract pricing shall first be reviewed to establish a pricing benchmark for the purchase. Departments may utilize a State Contract, an approved Cooperative Purchasing Agreement, or proceed through the informal bid process. Documentation identifying the applicable contract name and contract number must be attached to the requisition when using these purchasing methods.

If no applicable contract source is used or available, purchases within this range must be procured through the informal bidding procedures established under N.C.G.S. 143-131. Departments shall provide vendors with detailed specifications, including descriptions, brand or model numbers, quantities, units, and required delivery dates. The Finance Department may assist departments with the informal bidding process as needed.

Departments should attempt to solicit at least three (3) bids; however, contracts within the informal bidding range may be awarded when only one responsive bid is received

after reasonable efforts to obtain multiple bids have been made. Departments should allow sufficient time for the solicitation and receipt of quotes.

Informal bids may be received by email, fax, or other written means and are not required to be publicly opened. Bidder identities shall remain confidential until the contract award is made. Following the award, all quotes become public records and shall be maintained by the Finance Department.

After review by the Department Head and Finance Department, the contract shall be awarded to the lowest responsive and responsible bidder, taking into consideration quality, suitability, delivery schedule, and other relevant factors. If the lowest bid is not selected, written justification for the decision shall be documented and retained.

Upon approval, the Department Head or authorized employee shall submit a requisition, which will then be converted into a purchase order by the Finance Department.

5. Purchases \$90,000 and Above

(Formal Bid Range- Special Procedures)

When available, North Carolina State Contract pricing shall first be reviewed to establish a pricing benchmark for the proposed purchase. Departments may utilize a State Contract, an approved Cooperative Purchasing Agreement, or proceed through the formal bidding process. If a State Contract or Cooperative Purchasing Agreement is used, supporting documentation identifying the contract name and contract number must be attached to the requisition.

If no applicable contract source is used or available, purchases within this range shall be procured through a formal bidding process in accordance with N.C.G.S. 143-129. The Finance Department, in coordination with the requesting Department Head, shall oversee the formal bidding process. These procurements typically require detailed specifications, special conditions, and formal solicitation procedures.

Bid specifications shall include, at a minimum:

- Description of the goods or equipment;
- Brand and model information, when applicable;
- Quantities and units;
- Required delivery dates; and
- Identification of known vendors, when available.

The Department Head shall distribute Invitations to Bid and Instructions to Bidders to prospective vendors. Formal sealed bids must be publicly advertised in a newspaper of general circulation at least seven (7) days prior to the bid opening date. Electronic-only advertising may be used only when authorized by the Town Council.

The public notice shall include:

- The date, time, and location of the bid opening;
- Instructions regarding where bid specifications may be obtained; and
- A statement reserving the Town Council's right to reject any or all bids for sound, documented reasons.

Departments should anticipate that the formal bidding process may require approximately thirty (30) to forty-five (45) days from advertisement to award.

All bids shall remain sealed in the Town Clerk's Office until the designated opening date and time. Vendors should generally be provided with a minimum of fourteen (14) working days to submit bids, depending upon the complexity and scope of the procurement. Upon receipt, all bids shall be date- and time-stamped by the Town Clerk. Bidder identities shall remain confidential until the public bid opening.

Following the bid opening, the Finance Department and Department Head shall review and evaluate all bids for compliance with specifications, quality, suitability, delivery schedule, and any additional bid requirements. The Town Manager shall make a recommendation for award based upon the determination of the lowest responsive and responsible bidder.

If the lowest bid is not recommended for award, the Department Head and/or Finance Department shall prepare written justification supporting the decision.

After opening, all bids become public records and shall be maintained by the Finance Department in accordance with applicable record retention requirements.

Upon approval of the award by the Town Council, the Department Head or authorized employee shall submit a requisition, which will then be converted into a purchase order by the Finance Department.

4.B CONSTRUCTION AND REPAIR WORK – BIDDING REQUIREMENTS

1. Informal Construction Contracts

(less than \$500,000 – G.S. 143-131)

Construction and repair contracts with a total project cost of less than \$500,000 shall be administered by the applicable Department Head, contracted engineer (when applicable), and any other Town officials deemed necessary. These individuals shall be responsible for developing project specifications and preparing the required bid documents for distribution to prospective bidders. All applicable North Carolina General Statutes governing public construction bidding shall be followed.

Upon completion of the bidding process, the Department Head shall recommend to the Town Manager the lowest responsive and responsible bidder determined to be in the best interest of the Town. Following approval by the Town Manager, the Department Head shall submit a requisition and forward all executed contract documents to the Finance Department for issuance of a purchase order.

If the contract is not awarded to the lowest bidder, a complete written explanation supporting the decision shall be maintained with the procurement records.

The following procedures apply to informal construction contracts:

1. Bids may be submitted in writing, by fax, or electronically by email.
2. Public bid openings are not required.
3. Bid bonds are not required unless otherwise mandated by law or project specifications.
4. Payment and performance bonds are not required for projects under \$30,000, except where otherwise required by statute.

2. Formal Construction Contracts

(\$500,000 and above – G.S. 143-129)

Construction and repair contracts with a total project cost of \$500,000 or greater shall be administered by the applicable Department Head, contracted engineer (when applicable), and other Town officials as necessary. These individuals shall develop project specifications and prepare all required bid documents in compliance with applicable North Carolina General Statutes.

Upon completion of the formal bidding process, the Department Head shall recommend to the Town Manager and Town Council the lowest responsive and responsible bidder determined to be in the best interest of the Town. Following Town Council approval, the Department Head shall submit a requisition and provide all executed contract documents to the Finance Department for issuance of a purchase order.

If the contract is not awarded to the lowest bidder, a complete written explanation supporting the decision shall be included with the procurement records.

The following requirements apply to formal construction contracts:

1. Public advertisement shall be made at least seven (7) days prior to the bid opening date.
2. Competitive bids shall be solicited whenever practical.
3. All bids must be sealed.
4. Public bid openings are required.
5. Bid bonds shall be provided in accordance with North Carolina General Statutes.
6. Payment and performance bonds shall be required as mandated by statute.

3. Contract Change Orders

A contract change order is a written amendment to an existing contract and shall be processed in the same manner as the original contract. Any modification that alters the scope, price, terms, or conditions of the original agreement shall require an approved change order or formal contract addendum.

4. Force Account Work (G.S. 143-135)

Competitive bidding requirements are waived when the Town chooses to use its workforce to accomplish construction or repair work.

- The Town is authorized by statute to perform its own construction and repair work, provided the work is performed by its own employees, and
- When either the total cost of the project, including all direct and indirect costs of labor, services, materials, supplies and equipment, does not exceed \$500,000, or the total cost of labor on the project does not exceed \$200,000.

5. Minority Owned Business Enterprise (MBE) Participation

The Town follows G.S. 143-128.2 regarding Minority Owned Business Enterprise Participation in the awarding of building construction contracts of \$300,000 or more.

4.C SERVICE CONTRACTS

The purpose of this policy is to establish a consistent and uniform process for the administration of service contracts. Departments shall select service providers in accordance with the procedures set out in this policy and the approval of the Department Head.

A service contract is an agreement primarily for the provision of labor, expertise, or professional effort rather than the delivery of a tangible product. Under North Carolina General Statutes, service contracts are generally not subject to formal bidding requirements; however, competitive procurement practices should be used whenever practical and when sufficient competition exists within the marketplace.

Service contracts fall into two categories, which are considered professional services or other service contracts.

1. Professional Services

Professional service contracts include services requiring specialized education, training, technical knowledge, or professional expertise. Examples include, but are not limited to, architectural, engineering, legal, financial, auditing, consulting, appraisal, surveying, planning, environmental, design, and related professional services.

Professional service providers shall be selected based on criteria that may include qualifications, experience, technical expertise, innovation, creativity, project approach,

value-added services, and cost, as determined by the Department Head and reviewed by the Town Manager.

2. Other Service Contracts

Other service contracts include agreements for services such as equipment rentals, maintenance agreements, janitorial services, demolition, towing, security services, and similar operational activities. Departments may establish such contracts as necessary to support departmental operations, subject to approval by the Department Head.

3. Contract Authorization and Administration

The Town Manager and/or Finance Director are the only individuals authorized to execute contracts obligating Town funds for amounts up to fifty thousand dollars (\$50,000). Contracts exceeding \$50,000 require approval by the Town Council.

No contract that pledges the faith or credit of the Town shall be valid unless executed by the Town Manager and/or Finance Director.

The original executed contract shall be filed with the Town Clerk, and a copy shall be provided to the Finance Department. All leases and contracts involving the purchase, lease, or rental of real property shall be negotiated through the Town Manager's Office in coordination with the Town Council.

4. Contract Requirements

All service contracts shall:

1. Include a maximum dollar amount or spending limit.
2. Be limited to the applicable fiscal year whenever possible (July 1 through June 30).
3. Include a non-appropriation clause for any contract extending beyond one fiscal year.
4. Contain a pre-audit certification signed by the Finance Director in accordance with N.C.G.S. 159-28.
5. Identify the account number to be charged.
6. Be encumbered through the issuance of a purchase order upon execution. Following pre-audit approval, the contract shall be forwarded to the Finance Department for entry into the financial system and issuance of a purchase order.

5. Information Technology and Telecommunications Purchases

All purchases related to information technology equipment, software, or IT service contracts must be approved by the IT Director or the IT Director's designee.

All telephone and cellular phone purchases require approval by the IT Director without exception.

4.D LIMITATIONS OF PROCUREMENT

1. E-Verification Requirement

No contract shall be entered into unless the contractor is in compliance with the E-Verify requirements set forth in G.S. 143-133.3. These requirements apply only to contractors employing twenty-five (25) or more employees.

The following contracts and expenditures are exempt from the E-Verify requirements:

- Expenses related to employee or official travel, including transportation and lodging for employees, officers, agents, elected officials, or members of state or local boards, commissions, committees, or councils.
- Contracts solely for the purchase of goods, apparatus, supplies, materials, or equipment. Contracts involving a combination of purchase and construction, or purchase and services, are not exempt.
- Contracts awarded pursuant to G.S. 143-129(e)(1), (9), or (9a), including purchases made directly from another governmental unit or from vendors under contract with the State of North Carolina or a federal agency.
- Contracts awarded pursuant to G.S. 143-129(g), commonly referred to as the "piggyback" exception to competitive bidding requirements.

2. Divestment from Companies that Boycott Israel

Pursuant to Article 6G of Chapter 147 of the North Carolina General Statutes, the Town shall not invest state funds in, or enter into contracts with, any company that boycotts or is engaged in a boycott of the State of Israel. Verification of restricted companies may be obtained through the North Carolina State Treasurer's Office. This requirement does not apply to contracts with a total value of one thousand dollars (\$1,000) or less.

3. Contracts Spanning More Than One Town Fiscal Year

Any contract or agreement requiring performance beyond a single Town fiscal year shall include the following non-appropriation clause:

Non-Appropriation Clause: The Town shall not be obliged for performance hereunder in any of the Town's future fiscal years unless and until the Town's Board of Commissioners appropriates funds for this Agreement in the Town's budget for each

fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. The Town shall provide notice of non-appropriation to the other party at the earliest practical date. In the event of any conflict between this provision and any other provision of the Agreement, this provision shall take priority.

4.E EXCEPTIONS TO THE BID PROCESS (G.S. 143-129)

1. Purchases of gasoline, diesel fuel, alcohol fuel, motor oil or fuel oil. These may be purchased after receiving informal bids, regardless of the size of the expenditure.
2. In cases of special emergencies involving the health and safety of the people or their property. The emergency must be present, immediate, and existing. It may not be a condition that is merely anticipated and may never actually occur. Poor planning does not constitute an emergency.
3. Purchases from other units of government.
4. A construction or repair project undertaken using the permanent work force of the unit, if the total cost of the project does not exceed \$500,000 or if the labor costs do not exceed \$200,000. See Force Account Work details in Section 4.B.d.
5. Purchases of information technology through contracts established by the State Office of Information Technology services as provided in G.S. 147-33.82(b) and G.S. 147-33.92.
6. Change order work during the progress of a project that was initially bid.
7. Purchases from federal or State contracts, if the contractor is willing to extend the same or more favorable pricing, terms, and conditions as established in the federal or State contract.
8. "Sole Source" purchases. However, purchases made under this exception must be approved by the governing board. A written explanation or justification must be kept on record.
9. Purchases of used apparatus, supplies, materials, or equipment.
10. "Piggybacking" (purchases from suppliers to other public agencies). Local governments may purchase apparatus, supplies, materials or equipment from a supplier that has, within the past twelve (12) months, contracted to furnish an item to any government agency. The contractor must be willing to supply the item to the local government for the same or more favorable price. In addition, the prior contract must be one that was entered into following a public bid to process. A notice in a newspaper which has a general circulation must appear ten (10) days prior to the meeting of the governing board indicating the intent to consider a waiver of competitive bidding.

11. Under NC General Statute 143-129(e)(3), local governments can use an exception to the bidding statutes for "competitive bidding group purchasing programs." A competitive bidding group purchasing program must be a formally organized program that offers competitively obtained purchasing services at discount prices to two or more public agencies.

12. Guaranteed energy savings contracts, which are governed by Article 3B of Chapter 143 of the General Statutes.

13. Contracts by a public entity with a construction manager at risk executed pursuant to G.S. 143-128.1.

14. Build-to-suit capital leases with a private developer under G.S. 115C-532.

Although waivers of competitive bidding are sometimes permitted, the use of competitive bidding is required whenever practical. All reasons for a waiver of the competitive bidding process must be documented.

4.F SPECIAL PROCUREMENT PROCEDURES

1. Blanket Purchase Orders

The Finance Director will issue blanket purchase orders to selected vendors for the procurement of certain items when the amount of paperwork involved makes it impractical to use the regular purchase order procedure. These could be done on a quarterly, semi-annual, or annual basis. The Purchase Order is to include a maximum amount at the time of issuance. If, during the fiscal year, it appears that the Purchase Order amount will not be sufficient, an additional Purchase Order will need to be requested.

With each purchase under the Blanket Purchase Order process, Department Heads must approve the vendor's delivery ticket or receipt, and the purchase order number must be indicated. The account number to be charged for the expenditure must also be indicated. The department should then forward it to the Finance Department for payment. Specific employees should be designated to have the ability to make purchases under the blanket Purchase Order. The issued PO will instruct the vendor that unauthorized purchases will not be allowed. It is the responsibility of the individual authorized to purchase under a Blanket Purchase Order to ensure that adequate funds are available for purchases.

Blanket Purchase Orders should never be used for equipment purchases such as mowers, weed trimmers, blowers, appliances, etc. These items need more specific documentation than a blanket purchase order allows, including serial number, model number and date of purchase.

Blanket Purchase Orders are only valid for the current fiscal year for which they are entered.

2. Emergency Purchases (\$1,000 or above)

Supplies or services which qualify for emergency purchase are those for which immediate procurement is essential to prevent delays in work that may affect the life, health, or safety of the Town employees or citizens. In cases of emergencies, the Department Head or his/her designee may purchase directly from any vendor.

The user department shall exercise good judgment and use established vendors when making emergency purchases. The best possible price should be obtained and only essential, emergency-related items purchased. A failure to anticipate needs does not constitute an emergency. Needs should be anticipated in advance and emergency purchases avoided whenever possible. Emergency orders may be costly as vendor supplies and/or resources may not be adequate on short notice, often necessitating higher prices for services or goods rendered.

The use of emergency purchase procedures should be carefully considered and limited whenever possible.

During working hours, if an emergency purchase is required, contact the Finance Director and give all pertinent information to obtain a purchase order. The information needed will include vendor name, item(s) to be purchased with quantities, expenditure account to which the item(s) will be charged and the reason for the emergency purchase. After verifying available funds, a purchase order will be issued immediately for the expenditure.

After working hours, the spirit and intent of all purchasing procedures should be followed until such time as normal processing and administration can occur. The invoice received should be coded with the account(s) to be charged and signed. A brief explanation of the nature of the emergency should be attached. The Finance Director must be notified of the purchase and the circumstances the morning of the next business day.

3. State of North Carolina Purchase Contract

Departments are encouraged to utilize contracts established through the North Carolina Department of Administration Purchase and Contract Division and approved Cooperative Purchasing Agreements whenever practical for the procurement of capital and non-capital goods and services. Use of these contracts helps streamline the purchasing process, provides competitively established pricing, and satisfies applicable North Carolina General Statutes procurement requirements.

Department Heads are responsible for becoming familiar with available State and cooperative purchasing contracts and for reviewing these resources prior to seeking alternative procurement methods. Whenever possible, departments should utilize these contracts when they provide pricing or terms advantageous to the Town.

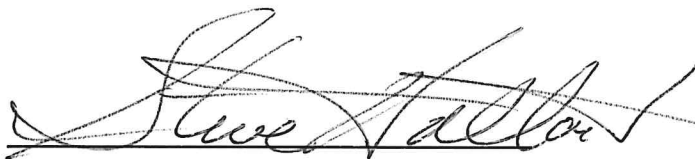
For purchases below ninety thousand dollars (\$90,000), departments shall review available State Contract options before initiating other procurement procedures. State and cooperative contracts often provide pricing comparable to or better than pricing obtained through formal or informal quotations and may reduce administrative processing time.

Current State of North Carolina purchasing contracts may be accessed at the following sources:

- Non-IT Statewide Term Contracts:
[NC Purchase and Contract Statewide Term Contracts](#)
- Statewide Information Technology Contracts:
[NC Statewide IT Contracts](#)
- Agency-Specific State Contracts:
[NC Agency-Specific Contracts](#)

This policy is effective immediately following Town Council adoption and supersedes all previous purchasing or procurement instructions or directives.

Approved the 1st day of June 2026.



Mayor, Steve Holland

