



JONESVILLE

NORTH CAROLINA

PURCHASING POLICIES AND PROCEDURE



OVERVIEW

This Purchasing Policy and Procedures Manual guides the Town of Jonesville's purchasing methods and practices. When applied correctly and with common sense, the policies and procedures outlined in this manual will help the Town efficiently and economically acquire the necessary materials, equipment, supplies, and services.

The understanding and cooperation of all employees is essential if the Town is to obtain the maximum value for each dollar spent. While this manual does not answer all purchasing-related questions, it provides the foundation for a sound, centralized purchasing system.

The basic goals of the Town's purchasing policy are:

1. To comply with public purchasing and procurement's legal and ethical requirements.
2. To ensure that vendors receive impartial and equal treatment when doing business with the Town.
3. To achieve maximum value for each dollar spent by awarding purchase orders to the lowest responsible bidder while considering quality, performance, technical support, delivery schedules, past performance, and other relevant factors.
4. To supply Town departments with the necessary goods, equipment, and services at the right time, place, quantity, and quality.
5. To professionally manage the search for sources of supplies, develop new sources, select suppliers, negotiate agreements, and provide follow-up and adjustments as needed.
6. To foster good and effective vendor relationships through informed and fair buying practices and by strictly adhering to ethical standards.
7. To achieve maximum feasible standardization of products used within and among departments to minimize stock levels and secure better pricing.

If the procedures and guidelines established in this manual are followed, each department can efficiently manage, control, and plan its available resources to meet present and future needs and help the Town meet these goals. Should you have any questions about this manual or procedures, please contact the Finance Officer.

All Town purchases over specific threshold amounts are subject to NC General Statute bidding requirements and contractual obligations.

All departments are expected to take the following steps:

1. All department heads should read and understand this policy
2. All employees should become thoroughly familiar with the procedures outlined in this policy
3. This policy should be kept where it is easily accessible for reference

Tiffany L. Hall-Long
Town Clerk
Deputy Finance Officer

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GENERAL PURCHASING POLICY

1. The department head shall submit requisitions for products or services via the Town's requisition form (paper or electronically). The requisition should include all shipping and freight charges.
2. If a purchase results in a line-item budget overage, the requisition will not be granted until a budget amendment has been approved.
3. The Finance Officer will review and approve requisitions. Once the requisition is approved, a purchase order will be generated and forwarded to the department for order placement.
4. Departments must allow ample time for processing those purchases and need to prepare accordingly and submit all information to Finance promptly.
5. All purchases under \$500 can be made through blanket purchase orders with Town approved vendors.
6. All purchases over \$500, except those made from recurring bills (e.g., membership renewals, subscription renewals, utilities, contract billing, permit fees, etc.), shall be made with a purchase order.
7. The Town desires to purchase from vendors located within the Town of Jonesville and Yadkin County whenever possible. This can be accomplished by ensuring that local vendors with goods or services that the Town needs are included in the competitive purchasing process.

The Town of Jonesville holds the responsibility for its residents' spending to ensure the maximum value for each dollar. The Town cannot make purchasing decisions solely based on vendor residence. The town will work to encourage local vendors and suppliers to compete with all town businesses.



PURCHASING PROCEDURES

In compliance with NC GS 159-28(a), the Finance Officer (or a Deputy Finance Officer) must affix language that states, “*This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act*” and sign the document/quote before any purchase may be made. **This applies to purchase orders (PO), purchases below the PO threshold, service contracts, online orders, Town credit card purchases, etc. According to NC State law, ANY AND ALL purchases MUST be pre-audited, no matter the amount.**

Cash Procedures & Petty Cash

Cash purchases by Town employees should be avoided if possible. In the event a cash purchase is necessary, a reimbursement request can be submitted with Finance for review and reimbursement. All receipts from purchases must be submitted with reimbursement requests.

The Town of Jonesville does not have petty cash for change or purchases. The cash drawers in Town Hall and Police Department cannot be used as petty cash.

Purchases Less Than \$500

- **The Town requires all departmental purchases to be made through the proper procedure by filling out a requisition form to take to the Finance or Deputy Finance Officer for approval; this is for all purchases outside of regular monthly services & utilities. – No matter the amount.**
- **All invoices sent to Town Hall without following the purchasing policy will require the Department Head to present the invoice to the Governing Board along with a reason for circumventing the Town’s payment approval policy.**
- Individual purchases for items, supplies, and services under \$500 are not required to have price quotes from multiple vendors. The department may select a vendor based on its general knowledge of vendor availability, quality, and pricing to complete purchasing transactions promptly and efficiently.
- Department Heads must provide the vendor with information to ensure all invoices are correctly charged to the appropriate department and account.
- Department Heads must also sign approval for invoices for any merchandise picked up and/or ordered or services rendered for departmental work.
- Invoices received (whether picked up or through the mail) must be approved, coded to the proper account, and submitted to Accounts Payable or the Finance Officer within three (3) business days, or they may be held personally liable for the expenses. Any written pre-audited statements must accompany these invoices.
- It is the Department Head’s responsibility to ensure that all products have been received, or all services rendered before the Town moves forward with payment to the vendor.

Additionally, Department Heads must provide Accounts Payable with necessary information for new vendors, which includes a current W-9 form, and a Certificate of Insurance.

Purchases of \$500 and more

- The Town Manager must approve ALL purchase requests for \$500.00 or more before the requisition goes to the Finance Officer to verify available departmental funds for final approval.
- The department should obtain price quotes from three (3) vendors unless otherwise approved by the Town Manager. This is considered a best practice and shows diligence with taxpayer funds. Vendors may be chosen based on the department's knowledge of their availability, quality, and pricing to ensure timely and efficient purchasing. Quotes **MUST** accompany the requisition form.
- Department Head quotes must include price, date quoted, vendor name, phone, email, and individual vendor representative. They are to be submitted with the purchase requisition before purchase; after the purchase order is issued and approved, a purchase may be made. Finance may request additional quotes, if necessary, during the review of requisitions.
- State contracts, Sourcewell, or OMNIA pricing should be obtained if available.

Purchases of \$30,000 - \$89,999 – Informal Bidding

The Department Head should provide detailed specifications, including description, brand/model number, quantity, unit, required delivery date, and any known vendors. If possible, they must obtain quotes from at least three (3) vendors, unless otherwise approved by the Town Manager. However, contracts in the informal range may be awarded even if only one bid is received. Departments should allow ample time (10 working days) to obtain quotes.

Informal bid procedures must be followed on contracts for the following:

- a. Purchases or lease-purchases of apparatus, supplies, materials, or equipment expected to require expenditure equal or greater than \$30,000, but less than \$90,000
- b. Construction or repair work when expenditures of \$30,000 to \$500,000 are involved. (NC G.S. 143-131)
- c. Since informal bids do not have to be publicly opened, handwritten or typed and electronic quotes are acceptable. Bidders' identities may not be disclosed until after the bid is awarded.
- d. Quotes become a matter of public record after the bid award. Due to this, they will be given to Finance and Administration and maintained in Town Hall.
- e. After the Department Head has reviewed the quotes, a recommendation will be made based on the bidder's determination of the lowest responsiveness and responsibility. The Department Head shall provide a written explanation if the low bid is undesirable.

The department head will submit a requisition with the attached quote(s), which will be converted into a purchase order or contract after the Town Manager and Finance Officer approve it.

Purchases of \$90,000 and Above – Formal Bidding

Formal bid procedures are used for the purchase or lease-purchase of apparatus, supplies, materials, or equipment expected to require expenditure equal to or greater than \$90,000 and for construction or repair work requiring the estimated spending of \$500,000 or more (*NC G.S. 143-129*). The Department Head must prepare a formal bid request on these items, requiring more detailed specifications and special conditions. Detailed specifications, including description, brand/model, quantity, unit, required delivery date, and any known vendors, should be documented by the purchasing department. The Town Manager or Town Clerk will mail the RFQ/RFP to prospective vendors and advertise the requests publicly.

- a. Request for Qualifications (RFQ): A publicly advertised description of project specifics and vendor qualifications is required for the vendor to propose a bid on a project. Only those who successfully respond to the RFQ and meet the qualification criteria will be included in the subsequent Request for Proposals (RFP) solicitation process.
- b. Request for Proposals (RFP): A request (publicly advertised or targeted to RFQ respondents) that solicits a proposal (bid) on a specified purchase or project. This can also be called an invitation to bid.

The Department Head will send out the Invitation to Bid along with the Instructions to Bidders, which the Department Head has prepared with the assistance/approval of the Town Manager. Sealed bids require advertising in the newspaper, with a general circulation of at least seven (7) days before the bid opening. Therefore, the time frame from receipt of information to award of bid may be 30-45 days.

An opening date and time are set in the bid conditions, and all bids remain in the Town Hall office sealed until that time. Offerors should be allowed at least fourteen (14) working days (depending on the nature of the bid) from the date of issue to return the bid. All bids received will be stamped or marked by Finance as to the date and time of receipt. Bidder names are not announced until bid opening. After the bids have been opened, they will be reviewed and compared by the Finance Officer, Town Manager, and Department Head regarding compliance with the specification, quantity, and suitability of the products, delivery times, and other specific conditions included in the bid.

The Town Manager will recommend to the Town Board or designated individual the bid award based on the determination of the lowest responsive, responsible bidder. If the low bid is not desirable, the Department Head and/or the Finance Officer shall provide a written explanation. After the bids have been opened, they will become a matter of public record and will be maintained at Town Hall. After the award is approved, a designated employee will submit a requisition to the finance department, and a purchase order will be issued.

Exceptions to the Formal Bid Process (NC G.S. 143-129)

Although the waiver of competitive bidding is permitted, it is required whenever practical. All reasons for a waiver of the competitive bidding process **MUST** be documented.

Exceptions are as follows:

- 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.
- In special emergencies involving the people's or their property's health and safety. The emergency must be present, immediate, and existing. It may not be a merely anticipated condition and may never actually occur. **Poor planning does not constitute an emergency!**
- Purchases from other units of government.
- A construction or repair project is undertaken using the permanent workforce of the Town if the project's total cost does not exceed \$125,000 or if the labor costs do not exceed \$50,000.
- Purchases of information technology through contracts established by the State Office of Information Technology Services as provided in NC G.S. 147-33.82(b) and NC G.S. 147-33.92(b).
- 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.
- “Sole Source” purchases. However, the Governing Board must approve purchases made under this exception. A written explanation or justification must be kept on record.
- Purchases of used apparatus, supplies, materials, or equipment.
- “Piggybacking” (purchases from a supplier to other public agencies). Local governments may purchase apparatus, supplies, materials, or equipment from a supplier contracted within the past twelve (12) months 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 a more favorable price. In addition, the prior contract must be entered into following a public bidding process. A notice in the newspaper that has a general circulation must appear ten (10) days before the meeting of the Governing Board, indicating the intent to consider a waiver of competitive bidding.

Emergency Purchases

Supplies or services that 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 Town employees or citizens. In emergencies, when a purchase order cannot be obtained, the Department Head may purchase directly from any vendor but must submit a requisition to Finance for the purchase by the next business day. **Poor planning does not constitute an emergency!**

The Department Head should contact the Town Manager and should exercise good judgment and use established vendors when making emergency purchases. Only items essential to the emergency at hand shall be purchased. Emergency orders can be costly as vendor supplies and/or resources may not be adequate on short notice. Emergency purchase procedures should be carefully considered and limited whenever possible.

Payment of Invoices

Invoices/purchases may be paid with a Town purchasing card, ACH, or check. Finance will pay invoices twice per month. All invoices are due to Accounts Payable in a timely manner for processing. Invoices must be coded with the correct accounting code for budget and signed off by the Department Head upon receipt before being sent to Finance for final payment. Department Heads must include any purchase order numbers associated with an invoice.

PURCHASE REQUISITIONS AND ORDERS

A requisition is an internal request used by a department to ask for approval to purchase goods or services. It outlines what is needed, the estimated cost, and the appropriate budget account. Once approved by the Finance Officer, the requisition allows a purchase order to be issued. It helps ensure purchases are reviewed in advance, properly budgeted, and consistent with the Town's purchasing procedures.

A purchase order (PO) authorizes a vendor to provide goods or services to the Town at the agreed price. It also sets aside (encumbers) funds from the department's budget to ensure the money is available for that purchase. This helps the Town track its financial position more accurately and prevents departments from overspending. If there are not enough funds in the budget line, the purchase cannot be made until a budget amendment can be made.

Please remember:

If the Finance Officer has approved an emergency purchase, a follow-up requisition with purchase details must still be submitted to Finance for processing by the next business day.

No Purchase Orders Required

The following purchases are not required to have a requisition for a purchase order:

- Fuel
- Insurance and other payroll liabilities/employee benefits
- Postage
- Regular monthly utilities such as electricity, internet, & phone
- Annual memberships, subscriptions, dues, or fees
- Advertising

Blanket Purchase Orders

Blanket purchase orders are valuable to the Town as an expenditure tracking mechanism for routinely expected and recurring items or services. They can be utilized at the Town Manager and Finance Officer's discretion to ensure the efficient operation of the Town and minimize any daily operational disruptions.

These purchase orders will be issued at the beginning of the budget year to cover invoices received regularly each month. They are only valid for the current fiscal year in which they are entered. These purchase orders can be issued to a Department Head for a particular Vendor each month. They are to be used for daily items, large-volume items, or annual services and dues needed for the Town's normal operations. Purchase requisitions must be signed by the Town Manager or Finance Officer.

The Department Head is responsible for ensuring adequate funds are available for purchases. Any purchase exceeding the funds available under a blanket purchase order will be classified as an unauthorized purchase unless a written purchase order increase request has been submitted to the Finance Officer for approval.

Purchase Requisition Procedure

A purchase requisition should be submitted when a department or employee requests an item to purchase. When the purchase exceeds \$500, the Town Manager must approve the requisition before submitting it to Finance for review. Any item(s) above the \$500 threshold may NOT be purchased until a requisition is submitted and approved, and the purchase order is made.

Once the purchase order is established and allocated, Finance will distribute as follows:

Copy 1 – Department Head (For Vendor file and invoices)

Copy 2 – Accounts Payable (To be matched with invoice)

Copy 3 – Finance Officer/ Accounts Payable (Alphabetic purchase order file)

All new vendors with the Town should have a current W-9 and, when applicable, a Certificate of Insurance with the Town of Jonesville listed as the 'Certificate Holder.' These are required, and the Department Head needs to ensure that Finance has all information submitted with quotes or invoices.

When completing a requisition form:

1. Enter the Department making the request.
2. Enter the vendor's name and the location where the item will be purchased. Please provide as much information as possible.
3. Enter the description of the item (s) requested, quantity, and price. Remember to include pricing for shipping, freight charges, or any other fees included with the purchase. Please include any quotes
4. The Department Head must ensure an expenditure line (budget code) accompanies each item/request. All Department Heads have a copy of their budget/expenditure lines. (If the Department does not have these items, please contact Finance to send them via e-mail.)
5. Once the Department Head signs the requisition with any quotes or supporting paperwork, it can be submitted to Finance for review.
6. Finance will verify the funds available to purchase the requested items before issuing a purchase order.
 - a. If funds are unavailable, the Department Head will be informed, and the requisition will be returned to the respective Department. If this occurs, a budget amendment can be requested through the Finance Officer, and once approved, the Department Head can resubmit the requisition.
7. Once the requisition is approved and processed, a purchase order will be issued. The Department Head receives one copy for their vendor file and incoming invoices, a second copy is sent to Accounts Payable to match invoices for payment, and a third copy will be filed with Finance with current purchase orders.
8. When invoices arrive, the purchase order number should be entered on the invoice when the Department Head authorizes it for payment. The Department Head is responsible for ensuring that all purchased items are correct and accounted for, or that all services have been rendered before payment.

All purchase orders for materials, supplies, services, and equipment (not included in service contracts) for the current fiscal year should be approved **no later than April 15th**. This procedure allows Administration and Finance to complete fiscal year-end activities in a timely and proper manner.



TOWN OF JONESVILLE

PURCHASING REQUISITION FORM

1503 NC Highway 67 • Jonesville • NC • 28642

(336) 835-3426 • phone

(336) 835-3231 • fax

Department _____

Project/Description _____

Vendor Name _____

Vendor Address _____

Contract/Quote _____

Purchasing Card ☐ YES ☐ NO

**** REMINDER:** All new vendors require a W-9 and when applicable, Certificate of Insurance (COI) with the Town of Jonesville listed as the Certificate Holder.

Budget Code	Description	Quantity	Price/Item	Total

Subtotal _____

Tax _____

Shipping _____

Total _____

Submitted By _____

Department Head _____

Finance Officer/
Deputy Finance Officer _____

Invoice Processing

Each Department Head is responsible for prompt coding, approval, and returning all invoices to Finance so payment can be made before the due date. All invoices should be submitted to Finance each Tuesday. Checks will only be issued outside of this normal process for approved emergency purchases.

Please note the due date on each invoice and allow sufficient time for the vendor to receive payment before the “Date to be Paid” and make vendors aware this date should be made for within 30 days of original invoicing date.

All invoices received by Finance via mail or email must be stamped with the appropriate budget stamp and dated upon receipt; this requirement also applies to Department Heads. Each Department Head has been provided with a budget stamp for invoices received directly to ensure proper processing. Each department should maintain a copy of its expenditure lines and open purchase orders to assist with coding invoices before submitting them to Finance.

Finance processes employee benefits and recurring monthly invoices and does not require the Department Head’s signature prior to payment. These invoices are sent directly to Town Hall.

Sales tax must always be calculated separately for all Town invoices within Black Mountain Software’s accounting module when entering claims into the system.

Sales tax on items such as employee reimbursements, utility and telephone bills, fuel, natural gas, solid waste, and food purchases is not reimbursable according to NC G.S. 105-164.14 and must not be separated from the payment.

TOWN PROCUREMENT CARDS (P-CARD)

The Town of Jonesville procurement card (P-Card) is provided to authorized employees as a controlled purchasing tool to improve efficiency for small, routine, and budgeted Town expenses. The program is designed to comply with North Carolina Local Government Commission (LGC) internal control and audit requirements by ensuring proper documentation, approval, and oversight of all transactions.

Procurement cards may only be used for official Town business and for purchases that are budgeted and allowed under the Town's Purchasing Policy. Typical allowable purchases include office supplies, small equipment, approved online purchases, and conference registrations. The card may not be used for personal purchases, cash advances, phone calls, alcoholic beverages, fuel (Voyager fuel cards must be used for fuel purchases), or meals while in travel status. Cards may not be shared and may only be used by the assigned cardholder.

A purchase order or prior approval from the Finance Department is required before using the procurement card unless otherwise authorized. The cardholder is responsible for ensuring that sufficient funds are available in the correct budget line before making any purchase, consistent with LGC expectations for budgetary control and encumbrance.

All transactions must be supported by itemized receipts and adequate documentation showing the business purpose of the purchase. Receipts must be submitted promptly to Finance and properly coded to the correct account so they can be reviewed and reconciled. Failure to provide receipts or proper documentation may require the cardholder to reimburse the Town.

The Finance Department is responsible for reviewing, reconciling, and monitoring procurement card activity to ensure compliance with Town policy and LGC internal control standards. Cardholders are responsible for always safeguarding their cards and ensuring they are not lost, stolen, or used by others. Any lost or stolen card must be reported immediately to First National Bank and the Finance Department.

Improper use of a procurement card, failure to follow documentation requirements, or violation of this policy may result in suspension or revocation of card privileges, disciplinary action up to and including termination, reimbursement of unauthorized charges, and possible criminal prosecution.

All employees must read and sign a Procurement Cardholder Agreement upon receiving a Town of Jonesville procurement card.



TOWN OF JONESVILLE

PROCUREMENT CARDHOLDER AGREEMENT

1503 NC Highway 67 • Jonesville • NC • 28642

(336) 835-3426 • phone

(336) 835-3231 • fax

With the Finance Officer's approval, the procurement card may be used for routine supplies, small equipment, online orders, conference registrations, and any other budgeted Town approved items.

The procurement card cannot be used for the following purchases:

- Personal Purchases
- Cash Advances
- Phone Calls
- Alcoholic Beverages
- Fuel (Voyager fuel cards are required for fuel purchases), unless otherwise approved by Finance or the Town Manager
- Meals while in travel status

The procurement card should be used at every opportunity when making small routine purchases to maximize on Town savings. Town employees should not be using personal funds for Town purchases.

A cardholder may not allow another person to use their procurement card for any reason.

If the bank rejects authorization of your procurement card, call Finance as soon as possible.

Payment Approval Procedures:

- The cardholder will obtain a Purchase Order and approval for purchase by Finance prior to use.
- The cardholder will maintain all receipts for procurement card purchases.
- The cardholder will code receipts for purchase for payment.
- The cardholder will reimburse the Town for any lost receipts and lose card privileges.
- The cardholder will follow Town procedures or face disciplinary action up to and including dismissal.

Acknowledgement:

- I have received and read a copy of the Town of Jonesville Procurement Cardholder Agreement.
- I have received and read a copy of the Town of Jonesville Purchasing Policy.

- I acknowledge that I am being entrusted with the Town of Jonesville Procurement Card to make financial commitments on behalf of the Town and that I must restrict my purchases to items budgeted and approved for Town use.
- I acknowledge that under no circumstances will I use the Town of Jonesville Procurement Card for my personal gain or make personal purchases for others or myself. Should I violate this rule I will reimburse the Town of Jonesville for all incurred charges and any fees (including attorney fees and expenses) related to the collection of the charges.
- I understand that I am subject to possible criminal charges for misuse of the Town of Jonesville Procurement Card.
- I understand that I am subject to disciplinary action, including dismissal for violations.
- I will treat the Town of Jonesville Procurement Card with the same care and security as if it were my personal card. I will not loan the Town of Jonesville Procurement Card to anyone.
- If it is lost or stolen, I will contact First National Bank as well as Finance immediately.

I have read and understand the above agreement and will comply with its terms and future amendments for as long as I am a cardholder or participate in the Town of Jonesville's Procurement Card Program.

KEEP A COPY OF THIS AGREEMENT FOR YOUR RECORDS.

Department _____

Cardholder Name _____

Last 4 digits of card _____

Cardholder's Signature Date

Department Head's Signature Date

Finance/Deputy Finance Officer Date

OTHER PURCHASING PROCEDURES

Fuel, Diesel, and Propane Purchases

Fuel for Town vehicles, equipment, and fuel cans may be obtained by using the provided Voyager fuel cards at a gas station. All Town employees are encouraged to make fuel purchases from a Quality Oil facility, as it provides significant savings for the Town compared to other fueling locations.

Each Town vehicle is issued a Voyager fuel card. When fueling, employees must swipe the card and enter their assigned PIN, which is the last four digits of their Social Security number. The user will also be asked to provide the vehicle's current mileage, either at the pump or to the station attendant. Regular gasoline should be used unless the vehicle specifically requires diesel fuel.

Diesel and propane deliveries made to Town Facilities do not require a purchase order, but all statements must be signed off by the Department Head and sent to Town Hall for Accounts Payable.

Travel

Employees should always use Town-provided vehicles for travel within and outside Town limits whenever possible. Fuel purchased on trips outside of Town limits should be made with Voyager fuel cards. Reimbursement for mileage is at the Town Manager's discretion. The Town Manager or Finance Officer is responsible for approving the use of a personal vehicle and incurring mileage charges before the trip is taken.

Employees who travel for Town business, classes, or conferences are eligible for meals and lodging reimbursement. Accounts Payable calculates the per diem for meals, lodging, and any reimbursable fuel when an employee travels.

The Department Head or traveling employees must submit their reservation confirmation to Finance to process reimbursement claims. Finance will not process the employee's request until all required documentation is turned in with a Travel Request Form. Documentation includes an agenda of the event, conference, or class, reservation confirmation for lodging, and travel maps for mileage.

Travel requests must be turned into Finance two weeks prior to travel for processing.

Any travel request turned in less than two weeks prior to travel will be processed after the employee returns.

The Town of Jonesville's Personnel Policy provides a more in-depth explanation of employee travel.

Capital Purchases and Debt Service

Capital purchases are equipment costing more than \$5,000 with a useful life of more than one year or a construction project costing more than \$5,000 that is not considered a repair. A construction project that does not expand the asset or extend the useful life of an existing asset is viewed as a repair, regardless of cost.

Debt Service is described by the Local Government Budget and Fiscal Control Act in *NC G.S. 159-7(4)* as the sum of money required to pay installments of principal and interest on bonds, notes, and other evidence of debt accruing within a fiscal year. The Budget Officer must appropriate the full amount of estimated debt service during the budget year before the Governing Board can adopt a budget ordinance.

Purchases and projects funded with borrowed funds must be coordinated with the Finance Officer and Town Manager well before the expenditure. It can require considerable time for Finance to get approval from the State Treasurer's Local Government Commission (LGC) for debt issuances. The Town of Jonesville is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the Town may have outstanding to 8% of the appraised value of property subject to taxation.

When the Town of Jonesville uses debt service to finance long-term capital projects or purchases, it is the Town's policy that the financing period shall not exceed the asset's useful life.

CONTRACTS

This policy aims to create and maintain an efficient and uniform process for administering Town contracts. A Department Head shall select a service provider according to the procedures set out in this policy. Such agreements are needed based on the department's requirements and the Town Manager's approval.

According to *NC GS 143-128*, service contracts can be broadly categorized into two main types: purchase contracts and professional services contracts. Both require competitive bidding for local governments. These contracts are legally binding agreements outlining the terms and conditions of services, including maintenance and repair, for a specific period and scope.

Two types of service contracts:

1. **Professional Services Contracts**– Contracts that involve professional, technical, and skilled services such as architectural, engineering, legal, design, financial, audit, consultant training, appraisal, survey, planning, environmental, and other services of a similar skilled or professional nature.
2. **Purchase Contracts**— Contracts that include leases for rental equipment, maintenance agreements, janitorial, demolition, towing, and similar activities.

North Carolina does not require local governments to use competitive bidding for purchase contracts less than \$30,000, construction or repair contracts less than \$30,000, or for contracts that are not purchase or construction/repair related.

The bidding level depends on the contract's dollar amount. It is important to remember that competitive bidding laws do not aim to find the lowest possible price. Instead, they are intended to prevent favoritism, corruption, fraud, and imposition in the awarding of public contracts by giving notice to prospective bidders and thus assuring competition. This, in turn, guarantees fair play and reasonable prices in contracts involving the expenditure of a substantial amount of public money.

Professional Service Contracts

Professional service contracts will be issued after proposals are solicited by two (2) or more service providers. A request for proposal (RFP) is a competitive procurement process that allows the Town to consider factors other than price, such as qualification, experience, innovation, creativity, value-based service, and project approach.

The following elements shall be identified in the request for proposals as necessary items in any acceptable proposal:

- a. A detailed description of previous projects similar, including photographs and locations where applicable, costs, initiation, and completion dates, and any special design considerations for the desired services, including necessary preliminary studies
- b. Clients for whom similar services were provided and the appropriate individual who may be contacted as a representative of each client
- c. Consulting team composition with specific reference to individuals who would be associated with the team and their responsibilities
- d. Schedule, which the firm will follow, for initiation of the project and various stages throughout the completion
- e. Proposed service fees, except professional architects, engineers, and surveyors' fees

- f. Any special consideration of the service, project, and other pertinent data

In evaluating contract proposals, the criteria for selecting a qualified firm should be clearly defined in the proposal. The proposal must state the factors relevant to its company selection and then weigh them according to their importance.

After evaluation, the Department Head shall recommend the reasons for selecting the successful provider to the Town Manager. The recommendation should also include a list of all the firms to which the request for proposals was mailed and those submitting proposals.

Purchase Contracts

Contracts may be established for, but not limited to, lease agreements, maintenance contracts on equipment, security services, IT and software services, etc. The need for such contracts is based upon the department's requirements, and with the appropriate approvals. While service or purchase contracts are not subject to North Carolina's competitive bidding laws, the same procedures should apply when ample competition exists in the marketplace.

Contract Procedures

SIGNATURES & APPROVALS

1. The Finance Officer's signature is required on all contracts or agreements involving expenditures to the Town of Jonesville. No funds will be expended until the contract has been pre-audited for sufficient appropriate funds.
2. Any contract that commits to the faith and credit of the Town, in any capacity, is not valid unless it bears the signatures of the Mayor or Town Manager.
3. All required signatures of the Vendor involved in the contract/agreement.
4. Work will not be performed until a fully executed agreement is on file with the Town.
5. The Town Manager can execute contracts without prior Governing Board approval only when a Resolution has been approved.
6. The Mayor and Town Manager, with a majority vote from the Governing Board in a public meeting, are the only authorized persons to sign and approve contracts without prior Governing Board approval.

CERTIFICATE OF INSURANCE

1. Before performing any work on Town property, each independent contractor must submit a Certificate of Insurance with the Town of Jonesville – 1503 NC Highway 67, Jonesville, NC 28642 listed as the Certificate Holder and filed with the Town Clerk.
2. Town property includes public buildings, parking lots, parks, streets, sidewalks, and any other Town location (this includes Town owned equipment and vehicles) where work is performed under contract with the Town.
3. Work requiring insurance certification includes, but is not limited to, professional services, consultant work, labor and service work, and construction work.

4. It is the Department Head's responsibility to make sure the Town has a current Certificate of Insurance before any contracts of service are made with the Vendor.

RECORD KEEPING

1. An original copy of ongoing contracts or agreements (i.e., lease, long-term maintenance agreements, project contracts, etc.) is to be filed with the Finance Officer.
2. Short-term contracts or agreements are completed within the fiscal year in which they are approved and budgeted. They are to be filed with paid invoices in the designated Vendor file with Accounts Payable.

All contracts should include a maximum dollar limit to ensure the Vendor understands the limit and should run for or during the fiscal year, July 1 – June 30. If contracts are greater than one year, a non-appropriation clause should be included if funds are not available in the subsequent years.

Multi-year contracts are still required to be pre-audited yearly and must be reviewed and signed by the Finance Officer.

All contracts need to contain the pre-audit statement signed by the Finance Officer and must include the Department Head's signature along with the expenditure line to which the payment will be processed.

If the Governing Board's approval is needed, the contract should be forwarded to the Finance Officer and Town Clerk at least ten (10) days before the meeting to be included on the agenda.

All contracts need to be encumbered by a purchase order after they have been approved and signed. The Department Head is required to submit a requisition form to Finance so that funds can be allocated for payment. After the contract and requisition have been pre-audited, a copy of both will be sent from Finance to the Department Head.



TOWN OF JONESVILLE

PURCHASING POLICY ACKNOWLEDGEMENT

1503 NC Highway 67 • Jonesville • NC • 28642

(336) 835-3426 • phone

(336) 835-3231 • fax

I acknowledge that I have received a copy of the Town of Jonesville Purchasing Policy and Procedures Manual. I understand that it is my responsibility to read, understand, and comply with the policies and procedures contained within this policy, including any future amendments adopted by the Town.

I understand that all purchases made on behalf of the Town of Jonesville must comply with applicable Town policies, North Carolina General Statutes, budgetary requirements, purchasing procedures, and approval processes. I further understand that unauthorized purchases, failure to follow purchasing procedures, misuse of Town funds, or circumvention of this policy may result in disciplinary action, personal liability for unauthorized expenditures, and/or other corrective action as permitted by law and Town policy.

I agree to seek guidance from my Department Head, Finance/Deputy Finance Officer, or Town Manager whenever I am uncertain about purchasing requirements or procedures.

My signature below acknowledges that I have received, read, understand, and agree to comply with the Town of Jonesville's Purchasing Policies and Procedure Manual.

Employee Name (Print): _____

Employee Signature: _____

Department: _____

Date: _____

This signed acknowledgement shall be maintained in the employee's personnel file and will remain in effect until superseded by a revised acknowledgement or updated policy.