

Purchasing Policy Manual

City of Hendersonville, NC

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I. GLOSSARY

Bid: a multi-step process required of the City by North Carolina General Statutes. Quotes from three separate vendors are required during any bid process unless the good or service to be supplied is produced by only one vendor.

Informal Bid: A bid on items \$30,000.00 and above. Request for quotes are not required to be advertised to the public. Purchases in this category do not need to be approved by City Council.

Formal Bid: A bid on items \$90,000.00 and above or on professional services \$500,000.00 and above. Public advertisement of the request for quote and bid process must be made, bids must be opened in public forum, and City 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 City obtains needed goods and services.

Department Head: The individual authorized to make purchasing decisions on behalf of his/ her department.

Vendor: provider of a good or service.



II. FORWARD

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

The understanding and cooperation of all employees is essential in order for the City 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 City procurement methods.

The goals of the City'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 City.
3. To receive maximum value for money spent by awarding purchase orders to the lowest responsible, responsive bidder, taking into consideration quality, performance, support, delivery schedule, previous performance, business location, and other relevant factors.
4. To provide City departments the required goods and services in a timely manner in the proper quantity and quality while providing necessary information to the City 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 in order 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 in order to help the City meet set goals. Any questions or concerns about this manual or the established procedures should be directed to the City Finance Department.

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



III. GENERAL GUIDELINES

3.A LOCAL BUYING

It is the desire of the City of Hendersonville to contract with vendors within the City and Henderson County whenever possible. The City has a responsibility to its citizens and local businesses; however, the City must ensure taxpayer money is spent with prudence. The City **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 City business.

3.B PLANNING

It is imperative that all City 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 City because proper planning reduces unnecessary clerical and supervisory time costs associated with the procurement process.

3.C BUYING PROPER QUALITY

Quality and service are as important as price when considering goods for purchase; it is the duty of the requesting department to secure the most cost-effective good or service that will meet but not exceed the requirements for which the goods or services are intended. With the goal of being a good steward of funding, the requesting department should take all factors into consideration when making a purchase while also ensuring the all vendors are requested to meet a specific quality and specification threshold in their product/service proposals.

3.D PURCHASE AUTHORIZATION

Department Heads have been delegated the authority to approve purchases made under \$5,000.00. Department Heads should only authorize purchases for necessary goods when proper documentation is provided and funds are available to make the purchase. The Department Head or her/his designee must authorize each invoice with signature and date before forwarding to Finance for payment. This authorization verifies that the goods and or services have been received, the budgeted funds are available and the invoice has been coded to the proper account number.

3.E ORACLE FOR PROCUREMENT

The City uses Oracle for our procurement activities. All purchases with the exception of those listed in Section 3.F should be entered by the requesting department via an Oracle requisition. Upon entry of a requisition, the appropriate approval flow is automatically populated. So, no further action is required. Please reach out to the Finance Department for any related questions.



3.F PURCHASES NOT REQUIRING A PURCHASE ORDER

- Legal advertisements
- City dues
- Claim payments (Citizens filing for damages/ reimbursement)
- Insurance
- Land purchases & easements
- Postage
- Refunds
- Tuition or other fees for approved educational purposes
- Utilities (electricity water, sewer, cable, internet, natural gas, trash, etc.)
- Lease purchase payments
- Debt service payments
- Approved travel arrangements and accommodations
- Continuing contracts payable in July
- Projects with a Capital Project Ordinance (if they apply to only one budget line item)
- Special Appropriations
- P-Card purchases below \$2,500.00

3.G VENDOR RELATIONS

Good vendor relations are valuable business assets established through mutual confidence and satisfactory business communication between buyer and seller. An important contribution toward promoting and preserving these relations is a clear understanding of the method of contract between buyer and seller. Any conflicts which may arise should be reported to the Finance Department.

3.H FRINGE BENEFITS

Any item purchased for an employee must be a valid business expense and not considered wages to the individual. Clothing, non-monetary awards, meals, travel, and other items may be considered wages depending on circumstances. Awards of cash or cash equivalents are always considered wages regardless of the amount awarded. All awards and purchases considered wages to an employee must be processed through payroll and will be subject to all applicable taxes. Please contact the Finance Department with any questions.

Any award of cash or cash equivalents must be pre-approved by the City Manager.

3.I VENDOR SELECTION

3.I.1 SELECTION POLICY

Vendors will be selected on a competitive basis. Formal bids and informal bids will be solicited by the requesting department. Bid awards, purchase orders and/ or contracts will



be issued to the lowest, responsive, responsible bidder. The City of Hendersonville will not use vendors who have been debarred by Federal, State, or Local governments.

3.I.2 GIFTS AND GRATUITIES

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

3.J COMPLIANCE

Each City employee is responsible for complying with the purchasing policies when submitting a purchase requisition. Regardless of the funding source, the policies within this manual apply to all purchases and are vital to help ensure compliant internal and external audits. Please contact the Finance Department for any policy or procedural questions.

3.K CONFLICT OF INTEREST

Employees of the City 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 supplies, materials or equipment to the college. Violation could be considered a misdemeanor.

3.L HISTORICALLY UNDERUTILIZED BUSINESS PROGRAM

In accordance with G.S. §143-48, the City encourages the use of historically underutilized businesses (HUB) to provide goods, materials, services, and equipment for the City.

HUB vendors are defined as businesses that are:

- Minority owned: African American, Hispanic, Asian American, and Native American
- Women owned
- Disabled owned
- Non-profit work centers for the blind
- Socially and economically disadvantaged

3.M "GREEN" PURCHASES

The City supports global sustainability and therefore encourages buyers to practice "green" procurement. Examples are "green" activities include the following.



3.M.1 RECYCLED PRODUCTS

The City encourages and promotes the purchase of products with recycled content, to the extent economically practicable.

3.M.2 PURCHASING FOR WASTE REDUCTION

Employees are encouraged to reduce waste through the purchase or use of items that are reusable, refillable, repairable, more durable and less toxic supplies and products, to the extent that the purchase or use is practicable and cost effective.

State regulations require that the purchase or use of remanufactured toner cartridges for laser printers to the extent practicable.

3.M.3 ENVIRONMENTALLY PREFERABLE GOODS AND SERVICES

Environmentally preferable products are those that have a lesser or reduced effect on human health and the environment in their manufacture, use and disposal when compared with other products that serve the same purpose.

3.N DELIVERY, INSPECTION, AND PERFORMANCE

3.N.1 DELIVERY

A completed and accepted purchase order by the parties concerned must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions must clearly define the delivery and performance requirements of the services, supplies, or equipment.

The importance of the delivery schedule should be emphasized to the vendor. Delivery requirements will be clearly written and fully understood by all vendors. If several items are required by the purchase order, there may be a different delivery schedule for each item. If, however, a contract is in place stipulating the delivery timeline for the purchase, all components of the purchase including the related service activities (such as installation where applicable) must be completed by the contract's agreed upon date. It is necessary to clearly indicate the delivery location on the requisition.

For purchases that list many line items, it is possible the vendor may complete timely delivery on some items prior to the remaining items, which is referred to as "partial delivery". Upon receipt of a partial delivery, photocopy the purchase order; attach a copy of the signed delivery receipt, and forward to the Finance Department along with the vendor invoice indicating which lines of the purchase order are to be paid.

3.N.2 INSPECTION AND TESTING

Life, safety, and operation of expensive equipment and supplies may depend upon how well a purchased item meets design and performance specifications.

The receiving department should inspect goods and materials should at the time of receipt for damage or defects. The inspection shall include assuring goods comply with the



specifications. If damage is found or the goods fail to comply with the specifications, the item(s) shall be rejected as outlined below.

3.N.2.1 REJECTION

In order to protect the City's rights in the event of rejection, for whatever reason, the vendor shall be informed immediately. Reasons for the rejection must be documented in memo form, attached to a copy of the purchase order and forwarded to the Finance Department in a timely manner.

3.N.2.2 DAMAGED GOODS

One of the major reasons for immediately inspecting the goods or materials upon receipt is to detect any visible damage. It is necessary that all damage including evidence of concealed damage shall be documented by memo, attached to a copy of the purchase order, forwarded to the Finance Department, reported to the vendor as soon as possible, and informs the vendor of the damaged goods. When it is apparent that the extent of the damage causes the goods to be worthless, they will not be accepted.

3.N.2.3 LATENT DEFECTS

Latent defects may be the result of damage in transit or failure of the manufacturer to conform to specifications. Consequently, it is often difficult to fix responsibility for the defective material. If specific liability for the defect cannot be determined between the carrier, the vendor, or the manufacturer, the City may file a claim against all parties. A memo attached to a copy of the purchase order must be forwarded to the Finance Department.

3.N.3 NON-PERFORMANCE

If a vendor fails to meet any requirements(s) of the specifications or terms and conditions of the contract or purchase order, the vendor can be cited for non-performance. The seriousness of non-performance will be evaluated based upon the circumstances of each violation.

3.O ELECTRONIC PAYMENTS

City Council has authorized the City of Hendersonville to engage in electronic payments as defined by G.S. 159-28. As required by NC Administrative Code 20 NCAC 03 .0409 and NC Administrative Code NCAC 03 .0410, this policy outlines procedures for pre-auditing obligations that will be incurred by electronic payments and procedures for disbursing public funds by electronic transaction.

3.O.1 PREAUDIT OF ELECTRONIC TRANSACTIONS

Before each transaction is made, the individual making the transaction must ensure that:

- There is an appropriate budget ordinance or project/grant ordinance appropriation authorizing the obligation



- Sufficient monies remain in the appropriation to cover the amount that is expected to be paid out in the current fiscal year if the expenditure is accounted for in the budget ordinance/resolution or the entire amount if the expenditure is accounted for in the a project/grant ordinance

The Finance Department will enter an encumbrance in the accounting system for each department in an adequate amount to cover one month's purchases for the P-Card and fuel card.

For specific purchasing guidelines on fuel cards and the P-Card, see Section VII.

3.P SALE OF CITY PROPERTY

The City Manager has been authorized by the Hendersonville City Council to declare as surplus single asset or property or a group of items with a value of up to \$30,000.00, to set its fair market value, and to convey title to the property and to advertise electronically the sale of any personal property. The City Manager shall sign the Sale of Property Authorization form **prior** to the sale or disposal of any City property. The Finance Department shall keep all approved forms, which will record a description of the property sold or exchanged, and the amount of money or other considerations received for each sale or exchange. N.C.G.S. § 160A-265 through 280 should be referenced before the sale of any City property in order to ensure statutes and procedure are followed properly.

3.Q VENDORS WITH CITY ACCOUNTS

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



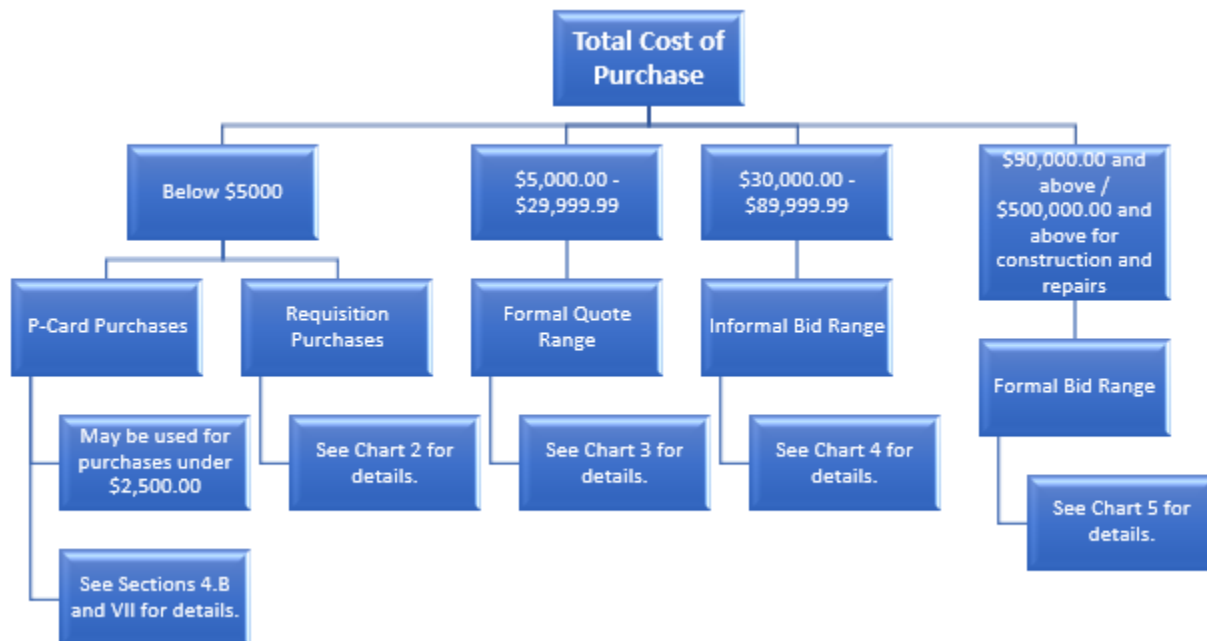
IV. PURCHASING PROCEDURES

The required purchasing procedures for a requisition vary based on the dollar amount of the purchase. Chart 1 displays the procedures from a high level view. For the specifics related to a requisition, department requesters should review the descriptions and charts found in Sections 4.B, 4.C, 4.D, 4.E, and 4.F. Please contact the Finance Department for any questions regarding these procedures.

4.A HIGH LEVEL PROCEDURES

The following Chart 1 provides a macro outlook of the break down for purchasing procedures associated with requisitions of all scopes and thresholds.

4.A.1 CHART 1





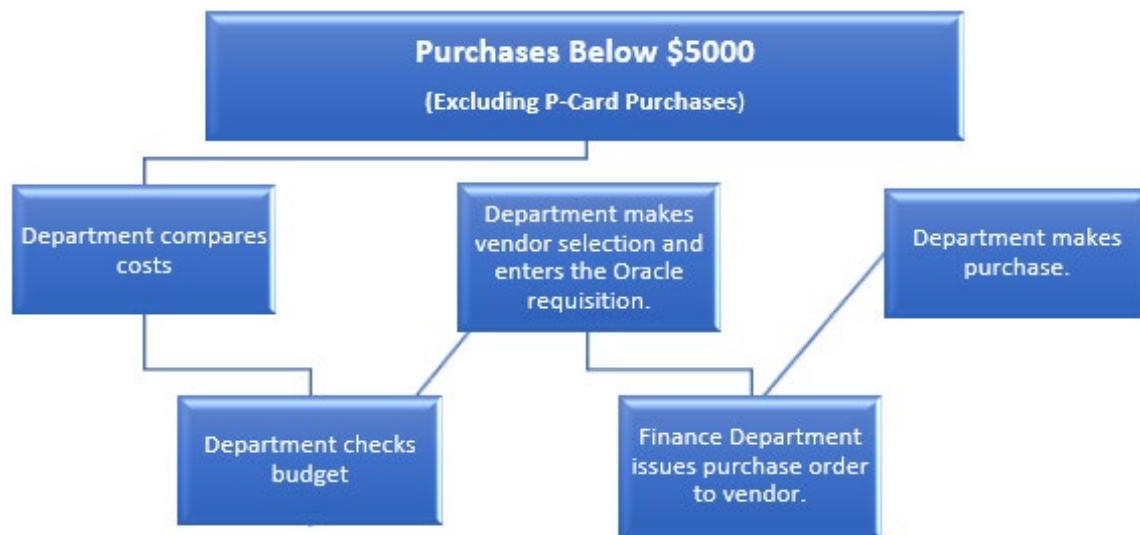
4.B PURCHASE CARD PURCHASES LESS THAN \$2,500.00

Although permitted to be purchased via a Requisition or a Purchase Order (PO), purchases less than \$5,000.00 do not require a Requisition or a Purchase Order (PO) and may be made upon the approval of the deputy finance officer in the department the purchase is made. In order to meet the pre-audit requirements of GS. 159-28, each department shall be appointed a deputy finance officer for purchases less than \$5,000.00. Purchases under \$2,500.00 may be made by utilizing the City's Procurement Card (P-Card) process, check requests, fuel cards, or vendor accounts. Fuel cards may be used for the purchase of fuel only. Please see the City's specific policy for acceptable P-Card expenses. Every purchase should follow a cost comparison to ensure a competitive price and quality for each good and service purchased. Issues that may override the price comparison process may include delivery time and material specifications.

4.C NON-PURCHASE CARD PURCHASES BELOW \$5,000.00

Purchases below \$5,000.00 do not require competitive quotes. Every purchase, however, should follow a cost comparison to ensure a competitive price and quality for each good and service purchased. Issues that may override the price comparison process may include delivery timeline and material specifications. ALL PURCHASES \$5,000.00 AND ABOVE REQUIRE A REQUISITION AND A PURCHASE ORDER (PO). Please see Chart 2 for details.

4.C.1 CHART 2





4.D PURCHASES BETWEEN \$5,000.00 AND \$29,999.99

Purchases in this range should follow the steps in Chart 3. Where available, NC State Contract Options should first be reviewed to set the pricing benchmark for the purchase. Department may then proceed with the State Contract quote, may use an acceptable Cooperative Agreement Contract, or may proceed with the written quote process. If either NC State Contract or Cooperative Agreement options are selected, a quote must be attached to the requisition referencing the Contract Name and Contract #.

If neither of the above contract types are desired or neither is available for the purchase, purchases in this price range require a **written quote process**. In this process, the requesting department should fill out a "Formal Quote Request Form" and email the form to at least 3 vendors while copying purchasing@hvlnc.gov on the email. The requesting department is required to receive at least three (3) quotes via U.S. Mail, email, fax, or hand delivery. No verbal quotes will be accepted. The required three written quotes are to be scanned and submitted with/ attached to the purchase requisition prior to purchase. After the purchase order is issued and approved, a purchase may be made.

For purchases relating to NC State Contracts, waiving competition, single brand convenience, blanket purchase orders, and professional services, please review both Chart 3 and Section V for specific instructions.

Please see the Chart 3 on the next page for a more complete list of steps to take depending on the nature of your purchase.



4.D.1 CHART 3





4.E PURCHASES BETWEEN \$30,000.00 AND \$89,999.99

Purchases in this range should follow the steps in Chart 4. Where available, NC State Contract Options should first be reviewed to set the pricing benchmark for the purchase. Department may then proceed with the State Contract quote, may use an acceptable Cooperative Agreement Contract, or may proceed with the written quote process. If either NC State Contract or Cooperative Agreement options are selected, a quote must be attached to the requisition referencing the Contract Name and Contract #.

If neither of the above contract types are desired or neither is available for the purchase, purchases in this price range require an **informal bid process**. The requesting department should first reach out to purchasing@hvlnc.gov requesting an informal bid number. Upon receipt of this number, the requester should fill out an "Informal Bid Request Form" and email the form to at least 3 vendors while copying purchasing@hvlnc.gov on the email. This formal documentation is in accordance with N.C.G.S. § 143-131 and may be obtained with or without advertising in this dollar range. The requester must specify the due date and time for receiving a quote back from the vendors. The requesting department is required to receive at least three (3) quotes via U.S. Mail, email, fax, or hand delivery. No verbal quotes will be accepted. The required three written quotes are to be scanned and submitted with/ attached to the purchase requisition prior to purchase. After the purchase order is issued and approved, a purchase may be made.

For purchases relating to NC State Contracts, waiving competition, single brand convenience, blanket purchase orders, and professional services, please review both the flow chart on the next page as well as Section V.

Please see Chart 4 for a more complete list of steps to take depending on the nature of your purchase.



4.E.1 CHART 4





4.F PURCHASES \$90,000.00 AND ABOVE

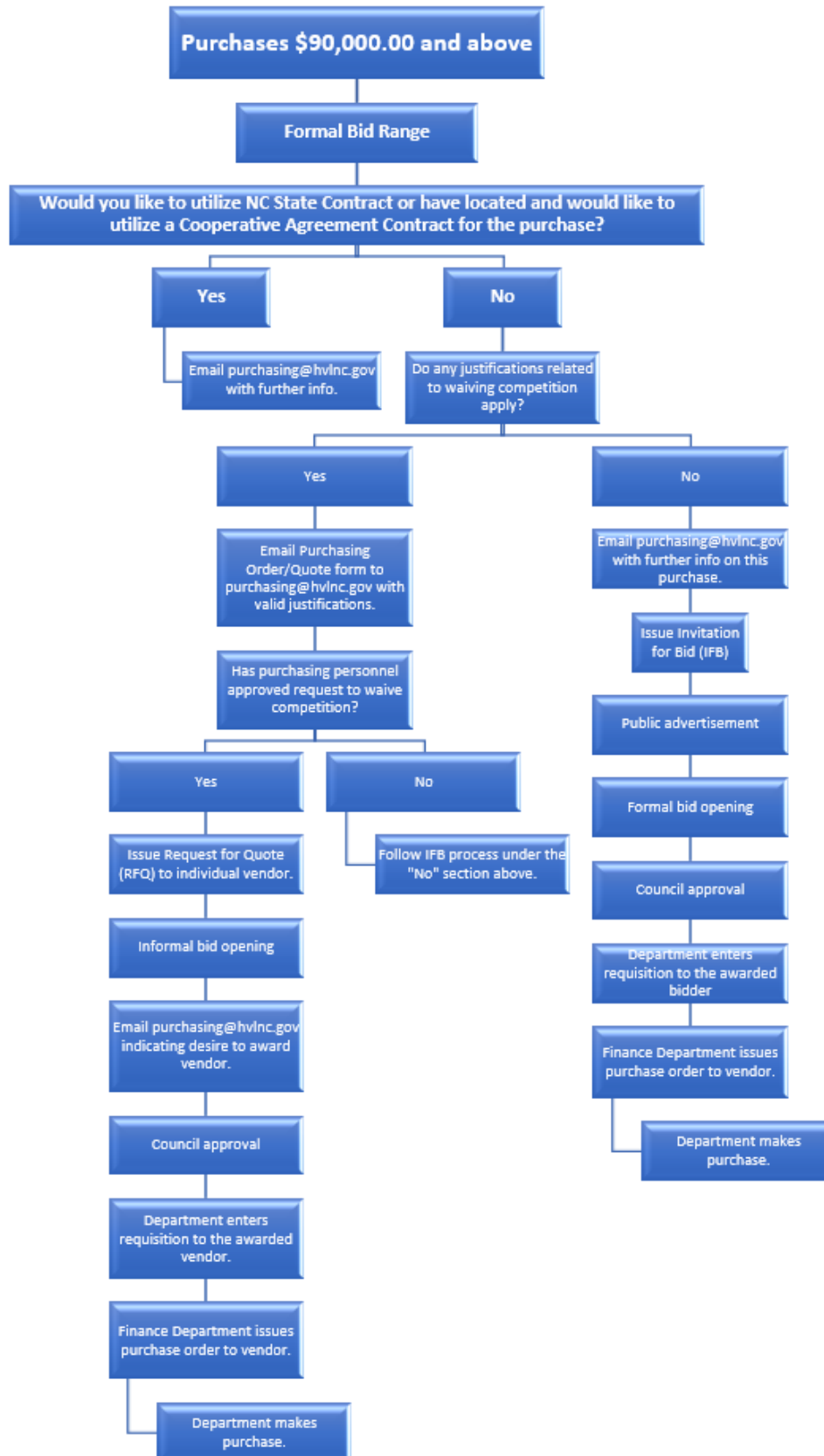
Purchases in this range must be obtained through a **formal bid process**. The requesting department should first reach out to purchasing@hvlnc.gov. The Finance Department will be in touch with next steps for this procurement process. In accordance with N.C.G.S. § 143-129, invitation for formal bids will be used for purchases of \$90,000 and greater. This will include advertising in the local newspaper and/ or other advertising media as deemed appropriate. Written bids in this range must be submitted in a sealed envelope and must be opened at a public bid opening. The supporting documentation and all bids received are to be scanned and submitted with/ attached to the purchase requisition prior to purchase. After the purchase order is issued and approved, a purchase may be made.

For purchases relating to NC State Contracts, waiving competition, single brand convenience, blanket purchase orders, and professional services, please review both the flow chart on the next page as well as Section V.

Please see Chart 5 for a more complete list of steps to take depending on the nature of your purchase.



4.F.1 CHART 5





V. SPECIAL PROCUREMENT TYPES

5.A NORTH CAROLINA STATE PURCHASING CONTRACTS

All Departments should use the State of North Carolina Department of Administration Purchase and Contract Division whenever possible for purchases. It shall be the responsibility of Department Heads to familiarize themselves with this purchasing method and to check for needed goods and services which are available through this resource at a lower cost than many other vendors offer. For purchases below \$90,000.00, departments should first review possible state contract options prior to proceeding with other procurement methods. These contracts help to expedite the purchase of goods/services, offer pricing compatible with quotes received from formal and informal bids, and satisfy North Carolina General Statutes. These contracts can be found at the below links.

Non-IT NC Purchase and Contract Agreements:

- <https://ncadmin.nc.gov/government-agencies/procurement/statewide-term-contracts>

IT-related NC Purchase and Contract Agreements:

- <https://it.nc.gov/resources/statewide-it-procurement/statewide-it-contracts>

NC Agency Specific Contracts:

- <https://ncadmin.nc.gov/about-doa/divisions/purchase-contract/agency-specific-contracts>

5.B COOPERATIVE AGREEMENT CONTRACTS

A Cooperative Agreement Contract/Program (also known as a Group Purchasing Program) is a formally organized program offering discount prices to at least 2 public agencies. Acceptable programs must have previously competitively bid their contracted goods/services. Using the pricing of such a program eliminates internal competition requirements in most cases.

5.C WAIVING COMPETITION

In certain circumstances, it is in the best interest of the City to waive competition for a purchase. The list of situations where waiving competition may apply is below. In addition to selecting the applicable reasoning on the "Purchase Order Quote Form", the Department Head must also provide a thorough, typed justification as to the basis of this waiver. If the situation is determined to meet one of the justifications below, competition may be waived by the Finance Department. The provisions of N.C.G.S. § 143-129 will be followed requiring Council approval for all applicable purchases made at or above statute levels. Those requiring such approval are marked below with an asterisk (*). Please note that justifications are to be supported with factual statements that will pass an internal or external audit.



- Where performance or price competition is not available. Sole source letter from vendor is required.*
- Where a needed product or service is available from only one source of supply. Sole source letter from vendor is required.*
- Where emergency action is required due to present, immediate, and existing special emergency involving public health and safety of people or property.
- Where standardization or compatibility is the overriding consideration.*
- Where a Group Purchasing Program (also known as a Cooperative Agreement) is being utilized and where competitive bidding process by this formally organized program offers discount prices to at least 2 public agencies.
- Where personal or particular professional services are required.
- Where a product or service being sourced from a nonprofit work center for the blind or severely disabled, and there are overriding considerations for its use.
- Where additional products or services are needed to complete an ongoing job or task.
- Where equipment is already installed, connected and in service, and it is determined advantageous to purchase it.
- Where a purchase is being made and a satisfactory price is available from a previous federal, state, or local government agency's contract in the U.S. within the previous 12 months. This is contingent on the contractor's willingness to extend the same or more favorable prices, terms, and conditions. This is known as Piggybacking.*
- Where a purchase is being made for gasoline, diesel, fuel alcohol fuel, motor oil, fuel oil, or natural gas.
- Where construction/repair work undertaken during the progress of a competitively bid project that is within the scope of the original project.
- Where a purchases is being sourced directly from another federal, state, or local government anywhere in the U.S.
- Where used good(s) is available on short notice and subject to prior sale. This includes items sourced from both public and private entities. Remanufactured, refabricated, or demo goods are not included under this allowance of waiving competition.

5.D SINGLE BRAND CONVENIENCE

Single brand convenience refers the approved allowance to purchase a specific brand of goods. The list of situations where this may apply is below. In addition to selecting the applicable reasoning on the "Purchase Order Quote Form", the Department Head must also provide a thorough, typed justification as to the basis of this waiver. If the situation is determined to meet one of the justifications below, the Finance Department may approve remaining brand specific on a purchase.



Please note, however, that Single Brand Convenience does not indicate that the vendor is the sole source. Every effort must be made to solicit full competition among the resellers which carry the manufacturer's product. If the selected particular brand of equipment is only sold by one source, the Department Head should fill out both the "Single Brand Convenience" section as well as the "Waive Competition" section of the "Purchase Order Quote Form". Please note that justifications are to be supported with factual statements that will pass an internal or external audit.

- Where the desired product must be compatible with or is an integral component of the existing equipment or products or where prequalification of products is necessary to support specific needs of a program.
- The product is covered by a patent or copyright; when the product must yield absolute continuity of results.
- The product is one with which a user has had extensive training and experience, and the use of any other similar piece of equipment would require considerable reorientation, training, and funding.

5.E BLANKET PURCHASE ORDER

Blanket purchase orders will be issued to selected vendors for the procurement of certain items after competitive pricing has been completed and if budgeted funds are available. Blanket purchase orders are intended to expedite the procurement of frequently needed and repetitious supplies. Blanket purchase orders should be made for goods and services when the amount of clerical or administrative work otherwise involved is impractical. Examples of items procured through a blanket purchase order include: janitorial services, maintenance service contracts, chemicals, temporary personnel services, automotive parts, and others. Blanket purchase orders will encumber the requesting department's funds for any amounts remaining on the purchase order.

Requisition for blanket purchase orders must include all required information along with the following additional information:

- Time period the purchase order is valid
- Items covered by the blanket purchase order
- The Not to Exceed (NTE) amount
- A listing of all personnel approved to purchase from the blanket purchase order

All vendor delivery tickets must be signed by an authorized City employee indicating receipt of the goods and/ or services. All delivery tickets from blanket purchase orders must be scanned and forwarded to Accounts Payable as supporting documentation for invoice processing.

5.F.1 PROFESSIONAL SERVICES

All professional services meeting the criteria in the bulleted list below will be required to undergo a qualifications based solicitation unless it is determined most advantageous for the City to award a solicitation based on lowest responsive, responsible bidder. City Manager,



Assistant City Manager, or Public Services Director within the requester's chain of command must approve the decision to award a solicitation based lowest responsive, responsible bidder. The decision must be made ahead of the solicitation and must be clearly articulated within the scope of the solicitation.

- Professional services that cost \$50,000.00 or more
- Professional services not listed on the "No Competition Exceptions" list

For the purposes of this policy, professional services will include the following:

- Attorneys
- Planners
- Accountants
- Financial Services
- Consultants
- Landscape Architects
- Other Professional Services Requiring Licensing

Normal competitive procedures are difficult in use in securing the below professional services. In keeping with the standards of their discipline, these professional service companies often will not enter into a competitive bidding process. As a result, these professional services are exempt from competitive requirements.

- Attorneys
- Financial Services
- Auditors

When an agreement between a professional service company and the City is established, a purchase order with the proposed amount shall be issued to satisfy accounting and statutory requirements. Purchases from architects, surveyors, and engineers shall follow N.C.G.S. § 143-64.31 and 64.32.

The only exception to the above requirements for Professional Services is with the prior written approval of Finance Director and City Manager.

5.F.2 NON-PROFESSIONAL SERVICES

All services costing \$50,000.00 or more which are unrelated to those listed in N.C.G.S. § 143-64.31 and 64.32 and that are otherwise not defined within Section 5.F.1 as a Professional Service will be considered a Non-Professional Service and will be awarded to lowest responsive, responsible bidder. The only exception to this is with the prior written approval of Finance Director and City Manager.



When an agreement between a professional service company and the City is established, a purchase order with the proposed amount shall be issued to satisfy accounting and statutory requirements.

VI. FUEL CARDS

Fuel cards will be assigned to City owned vehicles and are required to be used to purchase fuel for City vehicles, or in some instances, to purchase fuel for other job-related equipment such as: weed-eaters, lawn mowers, leaf-blowers, etc. Fuel card purchase limits are set based on the need for the vehicle or equipment the card is assigned to. It is the responsibility of the department head or deputy finance officer to ensure that the requirements of Section 3.N.1 are met.

It is not appropriate for City employees to use fuel cards to purchase fuel for any other vehicle or equipment other than which the card was issued to. Fuel cards are required to remain with the assigned vehicle and any missing cards should be reported immediately. Employees are required to use their PIN when purchasing fuel. Any unauthorized use of a City fuel card or a PIN not assigned to the employee will result in disciplinary action up to and including termination.

VII. PURCHASE CARDS

Purchase cards exist to provide departments a flexible and efficient way to make **small** purchases. Purchase cards empower the cardholder to acquire necessary materials to conduct business and/or deliver services in a more convenient and expeditious manner. Purchase cards should not be used to procure items or services not directly related to City business. The requirements of Section 3.N.1 must be met before purchases are made. The Department Head and Deputy Finance Officer are responsible for ensuring the preaudit requirements are met for each purchase. Purchase cards should not be used to purchase fuel for city vehicles unless the fuel card for the vehicle is unavailable. All city vehicles will have fuel cards which must be used.

7.A EMPLOYEE RESPONSIBILITIES

No purchase over \$2,500.00 shall be made using the purchase card system. Purchase cards assigned to employees may have approval limits set by Department Heads below the \$2,500.00 policy threshold. If an employee needs to make a purchase above the limit set by the Department Head, the employee should consult with the Department Head before making a transaction.

- The purchase card that each cardholder receives shall only be used by the cardholder. No other person is authorized to use this card. The cardholder may make transactions on behalf of others in their department/ division; however, the cardholder is responsible for all purchases charged to their card.



- The total value of a transaction shall not exceed a cardholder's single purchase limit. Payment for a purchase shall not be split into multiple transactions to stay within the single purchase limit.
- The cardholder is responsible for maintaining receipts of all card transactions and scanning all receipts into the purchase card banking system. Receipts are required for all purchases. Failure to scan and attach receipts in a timely manner may result in the cardholder losing the privilege of using a City purchasing card.
- Purchase cards may be used by for lodging and for training/ professional activities. Purchase cards cannot be used for meals during employee travel. Cardholders should consult the City's Travel Policy for more information.

7.B RECEIPTS AND RECEIPT SUBMISSION

Receipts should be collected and kept for all transactions. If a detailed receipt is not obtained from the vendor, a Lost/ Missing Receipt Form and a detailed list of what was purchased will be required with the receipt. Repeated lost or missing receipts may result in a cardholder losing the privilege associated with a City purchasing card. A detailed receipt should be provided for all purchases.

Receipts should be scanned into the on-line Purchase Card Bank system and attached to their corresponding transaction. Scanning receipts to the system will streamline the accounts payable procedure and make processing transactions simpler for all parties involved.

7.C UNAUTHORIZED PURCHASES

Certain items should not be purchased by City employees. Any of the following items listed below have been deemed inappropriate for purchase by City employees:

- Personal purchases or for personal identification
- A single purchase that exceeds the cardholder's single purchase limit
- Cash advances
- Gift Cards
- Alcoholic beverages
- Purchase of in-room movies during a hotel/ motel stay while on City business

7.D CONSEQUENCES OF IMPROPER USE

A cardholder who makes unauthorized purchases or carelessly uses a purchase card will be liable to the City of Hendersonville for the total dollar amount of such purchases plus any administrative fees charged by the bank or card company in connection with the misuse. The cardholder's employment may also be terminated and will be subject to legal action.

Cardholders are expected to obtain the best prices available on purchases. Purchase of an item above market prices where the vendor gives the employee any form of gift, bonus, or premium whether in the form of cash or merchandise is considered a kickback, is illegal, and can result in



disciplinary action up to and including termination of employment and lawful prosecution. City policy strictly forbids anything in exchange for making a purchase.