



**VILLAGE OF PINEHURST
STANDARD PROCEDURE**

SUBJECT: Purchasing and Contracting Policy & Procedures	Effective Date: 11/01/2000
Department: Financial Services	Policy No.: FIN-416.1
Prepared by: Financial Services Director, Brooke Hunter	Revised: 06/23/2020
Approved by: Village Council Resolution #20-21	# of Pages: 16

I. PROCEDURE PURPOSE:

These purchasing policies and procedures are intended for use as a guide to the Village of Pinehurst's purchasing methods and practices. When used properly and with common sense, the policies and procedures established herein will enable the Village to obtain needed materials, equipment, supplies and services efficiently and economically.

These purchasing policies and procedures were developed under Chapter 143, Article 8 of the North Carolina General Statutes. **When federal funds are being used in whole or in part to pay for the costs of a contract, the procedures contained in the Village's "Purchasing Policy & Procedures with Federal Funds" must be followed.**

The understanding and cooperation of all employees is essential if the Village is to obtain the maximum value for each dollar spent. While this policy and procedure does not answer all questions related to purchasing, it does provide the foundation for a sound purchasing system.

The basic goals of the Village's purchasing program are:

1. To comply with the legal requirements of competitive bidding that are outlined in Chapter 143, Article 8 of the North Carolina General Statutes.
2. To comply with the Procurement Standards codified in 2 C.F.R. §200.317 through §200.326 when using federal funds unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. Should the Village of Pinehurst have more stringent requirements, the most restrictive requirement shall apply so long as it is consistent with state and federal law.
3. To comply with other North Carolina General Statutes regarding procurement including laws regarding Historically Underutilized

Businesses (HUBs).

4. To assure vendors that impartial and equal treatment is afforded to all who wish to do business with the Village.
5. To receive maximum value for each dollar spent by awarding purchase orders to the lowest responsible, responsive bidder, taking into consideration quality, performance, technical support, delivery schedule, past performance and other relevant factors.
6. To provide Village departments the required goods, equipment, and services at the time and place needed and in the proper quantity and quality.
7. To professionally administer the search for sources of supplies, the development of new sources, the selection of suppliers, negotiations, commitment, follow-up, and adjustments.
8. To promote good and effective vendor relations, cultivated by informed and fair buying practices and strict maintenance of ethical standards.
9. To effect maximum feasible standardization of products used within and among departments in order to minimize stock levels and obtain better prices.

If the established procedures and guidelines are followed, each department can efficiently manage, control and plan its available resources to meet present and future departmental needs and help the Village to meet these goals.

II. OVERVIEW:

Local Buying

It is the desire of the Village to purchase from vendors located within Moore County whenever possible. This can be accomplished by insuring that local vendors who have goods or services available which are needed by the Village are included in the competitive purchasing process. The Village has a responsibility to its residents; however, to insure that maximum value is obtained for each public dollar spent. **The Village cannot and will not make purchasing decisions solely on the basis of vendor residence.** Rather, the Village will endeavor to encourage local vendors and suppliers to compete for all Village business.

Planning

Planning for purchases should be done on both a short-term and long-term basis, thereby minimizing small orders and last minute purchases. Planning will also reduce

the number of trips required to obtain materials and minimize clerical and supervisory time spent on documenting purchases.

Buying Proper Quality

Quality and service are as important as price. It is the duty of the requesting department to secure the best, most economical, quality products and services that will meet but not exceed the requirements for which the goods or services are intended. In some instances the lowest price does not necessarily mean the lowest cost.

Contractor Relations

Contractors working for the Village of Pinehurst, are an extension of the Village. To help the Village achieve its mission and provide its customers with the highest levels of service, it is important for all contractors to reflect the Village's values as they perform contracted services. Purchasers are also required to evaluate contractors at least annually to assess their performance and to address any service deficiencies.

III. PURCHASING PROCEDURES:

This section outlines the Village's purchasing procedures. These procedures cover the purchase of apparatus, supplies, materials and/or equipment, as well as contracted services, for items costing over \$1,000. Purchases of less than \$1,000 are subject to the Purchasing Card (P-Card) Program Policy procedure, which are documented in Policy No. FIN-416.2. This policy does not, however, preclude departments from encumbering funds for purchases less than \$1,000. Construction contracts are addressed separately in this document.

Vendor Setup

A subcontractor form (W-9) must be obtained for vendors who provide contracted or professional services. Please contact Financial Services if you have questions regarding this form.

Contract Control Form

If the purchase involves the Village executing a contract document, or if the purchase includes labor being performed on Village property, a *Contract Control Form* will be required. The *Contract Control Form* helps protect the Village from various contract risks and ensures that contractors have adequate insurance coverage for the work they perform. It also assists the Village with overall contract management.

Essential Communications for Key Suppliers are also required for contracts with key suppliers. Key suppliers are identified on the *SharePoint Contract List* and provide significant and specialized services that play a critical role in Village service delivery. They are contractors who provide professional services (i.e. attorney, engineer, architect, etc.), road construction, and refuse collection.

Request to Purchase

The *Request to Purchase Form*, which must be approved by the department head or his/her designee, initiates the procurement process.

A completed *Request to Purchase Form* with appropriate signatures is required for all purchases requiring a Purchase Order. See Exhibit A for a list of purchases that do not require a purchase order.

Completing the Request to Purchase Form

The request is a one-part form. Once completed, forward the original form to the Financial Services Department. A copy of the request should be retained by the user department and attached to the copy of the purchase order that will follow.

All requests must indicate the account to be charged, a description of the item, the quantity to be purchased, the unit of issue (e.g. lbs., cases, dozen, each, etc.), the unit cost of the item requested, along with either the budgeted amount or a "Not To Exceed" (N.T.E.) amount in the appropriate column.

Each section of the request must be completed. If you are unable to provide required information please state "unknown" in that section. If the form is not completed in its entirety or if the Financial Services staff has questions concerning the request, he/she may return the form with a request for additional information needed to the department head or his/her designee.

Specific Instructions

All items must be completed on the *Request to Purchase Form* for a purchase order to be generated. Please remember the following items when completing the form:

1. Please number the page(s) if there is more than one page to assure that none are lost during the processing of the request.
2. The promised delivery date must be indicated; **the acronym ASAP is not acceptable.**
3. The contact person with whom you normally deal should be listed.
4. The address of the delivery location must be provided.
5. Include a thorough description of all items requested with product numbers from a catalog, if applicable.
6. Indicate anticipated shipping costs separately from the cost of the product.

7. Do not send the form to the Financial Services Department until all required signatures are obtained.

VENDOR SELECTION

Selection Policy

Vendors should be selected on a competitive basis. Formal bids, informal bids, or telephone quotations will be solicited by the individual departments prior to submission of the *Request to Purchase Form*. Bid awards, purchase orders and/or contracts should be issued to the lowest responsible, responsive bidder. When soliciting for services from a previously used contractor, purchasers should review the contractor's most recent performance grade on the *SharePoint Contract List*.

Selection Procedures

For the procurement of supplies, materials and/or equipment and for construction or repair, the Village will observe the following procedures:

1. In accordance with North Carolina General Statute §143-129, invitation for formal bids will be used for purchases of \$90,000 and greater (\$500,000 and greater for construction and repairs). This will include advertising in the local newspaper and/or other advertising media as deemed appropriate and receiving sealed bids.
2. Purchases greater than \$5,000 but less than \$90,000 (less than \$500,000 for construction and repairs), are subject to Informal Bidding Procedures. North Carolina General Statute §143-131 requires this for purchases greater than \$30,000 but less than \$90,000; however, the Village has elected to use a lower threshold of \$5,000. Purchases in this range will require three written quotes. All quotes, regardless of degree of formality, are required to be attached to the *Request to Purchase Form* before the Purchase Requisition form is submitted.
3. In accordance with North Carolina General Statute §143-131, purchases of less than \$5,000 can be made in the open market with no requirement for a formal invitation for bids or request for quotations. However, **every effort should be given to obtain written competitive quotes for purchases of less than \$5,000**. However, verbal quotes will be accepted if documented on the *Vendors Requested to Propose Form*. All quotes, regardless of degree of formality, are required to be attached to the *Request to Purchase Form* before the Purchase Requisition form is submitted.

The department is required to obtain written quotations from any related party that submits a proposal to provide goods or services. A related party includes Village employees, Board members, and Council members and their immediate family members. In these instances, the department is **required** to obtain pricing from at least

three vendors. Related-party contracts are discouraged and should be in accordance with the Village's Ethics Policy AD-150.

E-VERIFY

Per Session Law 2013-418, municipalities may not enter into a contract unless the contractor and the contractor's subcontractors comply with Article 2 of Chapter 64 of the General Statutes. Employers and their subcontractors with 25 or more employees in North Carolina as defined in Article 2 of Chapter 64 of the NC General Statutes must comply with E-Verify requirements to contract with the Village. Federal and State agencies and Municipalities are exempt from this requirement.

E-Verify is a Federal program operated by the US Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law.

Any contract or purchase order approved by the Village will include these E-Verify contract requirements.

PURCHASE ORDERS

To be valid, a purchase order issued by the Village must be completed and signed by either the Financial Services Director (the statutory Finance Officer) or the Assistant Financial Services Director (the Deputy Finance Officer). **Purchase orders will not be issued without a properly executed *Request to Purchase Form*.**

The Purchase Order Process

A purchase order is a contract between the Village and a vendor. The Village will not recognize the issuance of purchase orders by unauthorized Village employees or officials and payment of these obligations will not be approved. Obtaining supplies, materials, equipment or services without a purchase order is an unauthorized purchase (except in emergency situations as outlined later).

Unauthorized purchases are classified as a personal expense and may be paid for by the employee.

In the event that a purchase order is not requested by the department and issued by Financial Services before the date of the invoice, the department head responsible for the unauthorized purchase should complete the *Explanation for Delay of Purchase Order Request Form*. This form will then be signed by the department head, forwarded to their immediate supervisor for approval, and then forwarded to the Village Manager, or his/her designee, for final approval. Once the Village Manager has approved the form, the Village Manager will send the form to Financial Services to authorize the payment of the invoice. Financial Services will not issue payment of the invoice without an approved *Explanation for Delay of Purchase Order Request Form*.

The original purchase order will be distributed to the requesting department and should be mailed to the vendor. It is recommended that departments make a copy of the original purchase order for their records prior to mailing it to the vendor. Financial Services will maintain one copy of the purchase order, which is filed sequentially in notebooks.

After an item is received, the department should indicate the purchase order number on the invoice before forwarding to the Financial Services Department for payment. This should be done immediately after the item(s) have been received, inspected and accepted by the user department.

Change Orders

In order to change, modify, cancel, or liquidate an existing purchase order, the user department must complete a *Change Order Form* with the department head's or his/her designee's approval. All pertinent information needed to make the changes should be completed. The change order should be forwarded to the Financial Services Department for processing and approval. Financial Services will then distribute the paperwork to the department head or his/her designee. It is the department's responsibility to forward the additional paperwork to the vendor. Change order approval will be based upon the new purchase order total and not on the amount being added to the purchase order. Purchase order changes are appropriate for reasonable increases in quantity or project scope. If the change is significant, the Financial Services Director may request the purchase be re-quoted as a new purchase. Also, change orders should not be processed for changes under 10% of the original purchase order.

Change orders will **not** be allowed:

1. That would alter the procurement procedures that were used in the original process. (i.e., from informal to formal).
2. After the scope of services have been rendered or materials have been received.
3. That would increase a blanket purchase order.

Change orders are not needed when the dollar amount of the change for a line item will not be exceeded by 10% of the original amount.

SPECIAL PROCUREMENT PROCEDURES

Blanket Purchase Orders

The Financial Services Department will issue blanket purchase orders to selected vendors for the procurement of large volume items and recurring service contracts, such as cleaning and pest control services.

Requests for blanket purchase orders must, in addition to the required information, indicate the following: items covered by the blanket purchase order and a Not to

Exceed (NTE) amount in the appropriate column. The issued purchase order 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 an unspent balance remains to cover the purchase to be made. **Any purchase that exceeds the funds available under a blanket purchase order or made by personnel not authorized will be classified as an unauthorized purchase, or personal expense, and may be charged to the employee.**

An authorized Village employee must sign the vendor's delivery ticket and the purchase order number should be indicated on the receiving documents when a purchase is received. Delivery tickets may be discarded after being reconciled with the invoice.

Service Contracts

Recurring service contracts such as monthly or quarterly cleaning, pest control, maintenance, etc. can be encumbered at the beginning of the fiscal year for which a valid contract exists. A request for a blanket purchase order should be made in the total estimated amount to be expended on the service contract in the fiscal year. An executed contract should be attached to the *Request to Purchase Form* before a blanket purchase order will be issued for service contracts.

Purchasing Card Program

To procure small-dollar items, select Village employees will be issued a VISA-brand procurement card. Small-dollar purchases are individual expenditures of \$1,000 or less. Some cardholders could be authorized to make purchases for greater or lesser amounts. The policies and procedures for the Village purchasing card program are documented in the Purchasing Card (P-Card) Program Policy No. FIN-416.2.

Emergency Purchases

In cases of emergencies, the department head or his/her designee may purchase directly from any vendor supplies or services whose immediate procurement is essential to prevent delays in work that may affect the life, health, or safety of Village of Pinehurst employees or citizens.

The user department shall exercise good judgment and use established vendors when making emergency purchases. Always obtain the best possible price and limit purchases to those items emergency related. Not anticipating needs does not constitute an emergency situation. First, the department should determine if a true emergency does exist. Second, the department should anticipate needs and avoid emergency situations whenever possible.

During working hours, the following procedure should be used for emergency purchases:

Contact the Financial Services Department and supply all pertinent information to obtain a purchase order. The information needed will include the vendor name, item(s) to be purchased with quantities, expenditure account to which the item(s) should be charged and the reason for the emergency purchase. After verifying available funds, a purchase order number will be issued for the expenditure and the purchase order will be distributed accordingly. If the purchase will over encumber the account balance, a budget amendment will need to be completed as soon as possible.

After working hours, the following procedure should be used for emergency purchases:

The invoice received should be coded with the account(s) to be charged and signed by the individual receiving the goods or services. The department head should complete the *Explanation for Delay of Purchase Order Request Form*. This form will then be signed by the department head, forwarded to their immediate supervisor for approval and then forwarded to the Village Manager, or his/her designee, for final approval. Once the Village Manager has approved the form, the Village Manager will send the form to Financial Services to authorize the payment of the invoice. Financial Services will not issue payment of the invoice without an approved *Explanation for Delay of Purchase Order Request Form*.

Emergency purchases, although sometimes necessary, are costly both in time and money. The use of emergency procedures should be limited and will be monitored for abuse.

Call-In Request for Purchase Orders

Call-in requests for purchase orders will be used for emergency situations only. However, scanning and emailing requests with the appropriate backup for rapid expedition is acceptable.

Purchase Order Cut-Off Date

Purchase requests for materials, supplies, services and equipment (not included in blanket purchase orders or service contracts) for the ending current fiscal year must be submitted to the Financial Services Department no later than June 1. Purchase requests of a routine nature that could have been scheduled prior to June 1, and are not critical, will be returned to the department for disposition in the new fiscal year. This procedure is necessary to allow for the delivery and receipt of the goods by the end of the fiscal year.

Sole Source of Supply

In the event there is only one vendor capable of providing a particular good or service, the competitive pricing procedures outlined in this manual may be waived by the approval of the Village Council. Whenever a department head or his/her designee

elects to purchase goods or services from a "sole source", he/she shall document on the request why only one company or individual is capable of providing the goods or services required. The provisions of G.S. §143-129(e)(6), which requires Council to allow for this sole source exception, will be applied.

State of North Carolina Purchase Contract

Departments may utilize the State of North Carolina Department of Administration Purchase and Contract Division whenever possible for procurement of capital and non-capital items. This system expedites the purchase of goods, offers pricing compatible with quotes received from formal and informal bids, and satisfies North Carolina General Statutes. Examples of goods on state contract are: law enforcement vehicles, office furniture, copiers, janitorial supplies, copier paper, and light bulbs. Contact the Financial Services Department with questions about which goods are on State Contract.

Cooperative or Group Purchasing Programs

Under North Carolina General Statute 143-129(e)(3) departments may make purchases from suppliers who are selected through a group purchasing program that is a "formally organized program that offers competitively obtained purchasing services at discount prices to two or more public agencies". Items selected for purchase from these contracts are not subject to informal or formal bidding requirements. Financial Services maintains membership in several such programs. Current information regarding these programs can be found on the Financial Services Self-Service page on the intranet.

Professional Services

Normal competitive procedures cannot be utilized in securing professional services such as attorneys, engineers, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process. When an agreement between a professional service company and the Village is established, a purchase order with a NTE amount shall be issued to satisfy accounting and statutory requirements. A copy of the contract should be provided to support the purchase order. Architectural, engineering, and surveying contracts will also be subject to a qualification based selection (QBS) process per NCGS 143-64.31.

Purchasing Calendar: Capital and Non-Capital Equipment

In order to secure financing and maintain the fixed asset records for the fiscal year, the departments should try to complete all capital purchases no later than February 15 with delivery scheduled no later than May 15, if at all possible.

COMPETITIVE BIDS

Formal Bids-Apparatus, Supplies, Materials, & Equipment (\$90,000 and Greater)

In order to purchase supplies, apparatus, materials or equipment with an expenditure of \$90,000 or more, the department head or his/her designee, in conjunction with the Financial Services Director, shall develop and prepare specifications for bidding. The department head shall be responsible for ensuring that all North Carolina General Statutes are satisfied, including, but not limited to, newspaper advertisement and receipt of sealed bids. These requirements are outlined in NCGS §143-129.

After receipt of all bids, the department head or his/her designee, shall review the bid responses to determine the bid deemed in the best interest of the Village. The department head or his/her designee shall make a formal recommendation of award, with supporting documentation to the Financial Services Director, Village Manager, and the Village Council.

Upon Village Council approval of the recommendation, the responsible department head shall initiate the purchase order process and upon receipt of the issued purchase order, the department head may place the order with the successful bidder(s).

Informal Bids-Supplies and Materials (\$5,000 - \$90,000)

The department head shall utilize the informal bidding process for purchases greater than \$5,000 and up to \$90,000, in accordance with NCGS §143-131. The informal bidding process requires that competitive pricing be obtained in writing from the bidders. Requests for quotes are sent to several sources that can supply the product(s) desired. Upon receiving the quotes and selecting the vendor, the department head shall forward a *Request to Purchase Form* to the Financial Services Department who will generate a purchase order. Copies of the written quotations submitted by vendors should accompany the *Request to Purchase Form* along with the basis for selecting the vendor chosen.

Purchases of Supplies and Materials (Less than \$5,000)

Every effort should be made to obtain three (3) written quotes when expending public funds of less than \$5,000. Once the department head determines the quote that is in the best interest of the Village, he/she or his/her designee should complete a *Request to Purchase Form* and forward it to the Financial Services Department, along with copies of the written quotes received. Quotes should be summarized on the *Vendors Requested to Quote Form*. This form can be especially useful for documenting verbal quotes. If other documentation is supplied, the department should provide all of the information with their submission to Financial Services. The Finance Technician will then generate a purchase order.

CONSTRUCTION AND REPAIR WORK

Formal Construction or Repair Contracts (\$500,000 and greater)

Construction contracts within this range shall be the responsibility of the department head, engineer, and other Village officials as deemed necessary. These officials are responsible for specification development. G.S. §143-128 details the five alternative bidding methods for building construction and repair contracts. G.S. §143-128.2 defines historically underutilized business (HUB) participation goals and requirements. Per Ordinance #93-7, it is the Village's policy to have a verifiable goal of five (5%) percent for participation by historically underutilized businesses in building construction contracts awarded pursuant to G.S. §143-128.

After the formal bidding process has been completed, the department head or his/her designee shall recommend to the Village Council the lowest responsible, responsive bidder deemed in the best interest of the Village. Upon award by the Village Council and execution of the contract, the department head shall initiate a *Request to Purchase Form* so that a purchase order can be generated to encumber the expenditure account.

Informal Construction or Repair Contracts (Less than \$500,000)

Construction, renovation or repair work of less than \$500,000 shall be the responsibility of the department head, the contracted engineer and other Village officials as deemed necessary. The bid award will be made to the lowest responsible, responsive bidder, upon recommendation by the department head. Under G.S. 143-131(b) for construction or repair projects departments are required to document their good faith effort to solicit historically underutilized businesses. Upon approval by the Village Manager and execution of the contract, the department head or his/her designee shall initiate a *Request to Purchase Form* so that a purchase order can be generated to encumber the expenditure accounts. The department is also responsible for contacting the successful bidder(s).

HISTORICALLY UNDERUTILIZED BUSINESSES

For building construction (vertical construction with walls and roof) projects above \$300,000, the Village must follow prescribed requirements in the Village's Minority Business Outreach Plan (MBOP). The formal bidding limit for construction is \$500,000, but for HUB reporting, the limit is \$300,000. For projects in this range, departments should contact the Financial Services Director for assistance in following those guidelines.

For building construction, maintenance, or repair projects in the \$30,000 - \$300,000 informal range, departments must make the following "good faith" efforts.

1. Solicit HUB participation in contracts,
2. Document efforts to recruit HUB participation,

3. Maintain records of HUB contractors solicited, and
4. Report all data on HUB participation efforts to the N.C. HUB Office.

Good faith efforts should be recorded on a HUB Informal Reporting Form and submitted to the Financial Services Director. This form will be the basis for a report to the NC HUB Office.

The Finance Department maintains a list of minority owned (HUB) businesses in Moore County in the intranet that may be of assistance to departments in soliciting HUB bids.

VERIFICATION OF BIDS RECEIVED

When a *Request to Purchase Form* is submitted for the purchase of supplies, materials, or equipment, the Financial Services Department will periodically verify bid information provided by vendors directly with the vendors. All bids received should accompany the *Request to Purchase Form*, regardless of the bid selected. In addition, a listing of the vendors who were asked to propose on the goods/services should be provided on the *Vendors Requested to Propose Form*.

SPECIFICATIONS

When goods or services are procured under the formal or informal bidding process, specifications must be prepared. All specifications, should do at least four things:

1. Identify minimum requirements,
2. Encourage competitive bids,
3. Be capable of objective review, and
4. Provide for an equitable award at the lowest possible cost.

Specifications shall be as simple as possible while maintaining the degree of exactness required to prevent bidders from avoiding supplying the goods or services required or otherwise taking advantage of their competitors.

All specifications utilizing a name brand must include the term "or approved equal" to avoid being restrictive and eliminating fair competition from the bidding process.

Different methods of structuring specifications include:

1. Qualified products on acceptable vendor list,
2. Specification by blueprint or dimension sheet,
3. Specification by chemical analysis or physical properties,
4. Specification by performance, purpose or use,
5. Specification by identification with industry standards, or
6. Specification by samples.

DELIVERY AND PERFORMANCE

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 should 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. It is important to clearly indicate the delivery location on the *Request to Purchase Form*.

Partial Deliveries

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, the department should attach a copy of the signed delivery receipt, indicate "Partial Delivery" and forward to the Financial Services Department.

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.

INSPECTION AND TESTING

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

Goods and materials should be checked 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.

Rejection

In order to protect the Village's rights in the event of rejection, for whatever reason, the vendor shall be informed as soon as possible. Reasons for the rejection must be documented in memo form and forwarded to the Financial Services Department in a timely manner. It is the department head's or his/her designee's responsibility to notify Financial Services and the vendor of the reason for the rejection within three (3) business days if another employee received and signed for the goods.

Damaged Goods

One of the major reasons for immediately inspecting the goods or materials upon receipt is to detect any visible damage. When it is apparent that the extent of the damage causes the goods to be worthless, they will not be accepted. It is necessary that all damage including evidence of concealed damage shall be documented by memo and forwarded to the Financial Services Department. The department head or his/her designee is responsible for informing the vendor and Financial Services of the damaged goods within three (3) business days if another employee received and signed for the goods.

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 Village may file a claim against all parties. A memo explaining the defects must be forwarded to the Financial Services Department to ensure all parties involved are properly informed. The department head or his/her designee is responsible for informing the vendor and Financial Services of the damaged goods within three (3) business days if another employee received and signed for the goods.

VENDOR RELATIONS

Good vendor relations are valuable business assets established through mutual confidence and satisfactory business relationships between buyer and seller. An important contribution toward promoting and preserving these relations is a clear understanding between the contractor and the Village of the expectations under the contract. Purchasers are required to grade all contractors at least annually on the Village's *SharePoint Contract List* to assist the Village in awarding future contracts. They are also encouraged to routinely provide feedback to contractors on their performance under the contract.

Purchasers are required to grade each contractor on the *SharePoint Contract List* with a letter grade of A, B, C, or F at the conclusion of the contract period. This aggregate grade should be based on the fairness of pricing, and the quality and timeliness of the services delivered. The purchaser is required to provide a brief comment with the letter grade explaining the reason for the grade assigned. Each letter grade has an explanation to assist the purchaser in selecting the appropriate grade.

For contracts with key suppliers, purchasers are required to use the *Essential Communications for Key Suppliers* to communicate: 1) The Village's mission, vision, and values, 2) Required ethical standards, and 3) Methods of contract performance evaluation, including a required performance evaluation meeting. Key suppliers are required to provide a written acknowledgment they have received the *Essential*

Communications for Key Suppliers.

OTHER

No employee or official should derive a direct personal benefit from any contract or purchase. Also, employees should not accept gifts or favors from vendors per G. S. 133-32 and the Village's Ethics Policy AD-150.

Departments do not have the authorization to commit in writing, or verbally, future Village business to vendors.

AFTER THE ORDER

The procurement function is not accomplished by simply placing an order with a supplier. Satisfactory delivery must also be made. To insure 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 Financial Services Department shall on a regular basis review outstanding purchase orders to determine if vendors are delinquent in shipping the items requested or providing the services requested. The Department head or his/her designee should contact vendors directly concerning any delinquent deliveries.

The Financial Services Department shall contact vendors concerning invoice discrepancies and shall have the authorization to approve or disapprove invoice amounts.

EXHIBIT A

EXAMPLES OF PURCHASES NOT REQUIRING A COMPLETED REQUEST TO PURCHASE FORM

The following items are not required to obtain a purchase order prior to their purchase:

- Claim payments
- Insurance premiums
- Petty cash - replenishment of funds
- Refunds
- Tuition fees for educational purposes
- Utilities

This document replaces all previous versions of this policy in their entirety.