

## **PURCHASING REQUIREMENTS FOR EQUIPMENT, MATERIALS, AND SUPPLIES**

*Policy Code:*

**6430**

All purchases of apparatus, supplies, materials, and equipment will be made in accordance with all applicable state laws and regulations, including Article 8 of Chapter 143 and Articles 6E and 6G of Chapter 147 of the North Carolina General Statutes, board policy, and school system purchasing procedures. Purchasing contracts subject to the E-Verify requirement will contain a provision stating that the contractor and contractor's subcontractors must comply with the requirements of G.S. Chapter 64, Article 2. Purchases using federal funds must also be made in accordance with all applicable requirements of federal law and regulation, including the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") issued by the U.S. Office of Budget and Management. All employees involved in purchasing must be familiar with applicable requirements.

The finance officer or designee shall ensure that written specifications for desired products are descriptive and clear and incorporate the quality requirements and service needs of the school system. There is no minimum number of bids, proposals, or quotes required for the purchase of apparatus, supplies, materials, and equipment (whether formally or informally bid); however, the board encourages the finance officer or designee to obtain at least two (2) bids, proposals, or quotes when feasible.

Except as otherwise required by law or specified by the board, the board delegates to the superintendent or finance officer the authority to award contracts for the purchase of apparatus, supplies, materials, and equipment up to the formal bid threshold. In order to award formal bid contracts the signature of both the superintendent and the finance officer are required. The finance officer or designee and any additional staff deemed appropriate by the superintendent shall review submissions of bids, proposals, or quotes to determine if they are responsive to the system's specifications and will make recommendations to the superintendent or finance officer. The superintendent or finance officer may award the contract based upon such recommendations or will make a recommendation to the board for award of the contract by the board.

Apparatus, supplies, materials, and equipment must be purchased in accordance with the following requirements.

### **A. FORMAL BIDS (EQUAL TO OR MORE THAN \$90,000)**

The purchase of apparatus, supplies, materials, or equipment for expenditures equal to or more than \$90,000 must be secured through the competitive bid process governed by G.S. 143-129. The superintendent or finance officer is authorized to determine the best method for formally bidding a product or, as appropriate, utilizing one of the exceptions to formal bidding as provided below in Section E. The finance officer or designee shall oversee the use of any purchasing method and ensure that all state requirements are met, including advertisement, sealed bids, maintaining records, and public opening of bids. The board authorizes the use of newspaper advertisement, electronic advertisement, or both for formal bids; however, the superintendent has the authority to determine which method will be used

for a specific purchase or categories of purchases.

Awards will be made to the lowest responsible bidder(s) whose bid or proposal meets the requirements and criteria set forth by the school system, taking into consideration quality, performance, and the time specified in the proposal for the performance of the contract. To be eligible for an award of a contract subject to G.S. 143-129, the contractor and its subcontractors, if any, must demonstrate compliance with all applicable provisions of G.S. Chapter 64, Article 2, including the responsibility to use E-Verify. All contracts awarded must be in writing.

The board permits the use of the following processes for contracts that require formal bidding.

1. Competitive Sealed Bids

A competitive sealed bid (or invitation to bid) may be used to request the cost of particular goods by providing detailed specifications in advance.

2. Reverse Auction

Pursuant to G.S. 143-129.9(a)(1), the school system may use reverse auctions as an alternative to sealed bid procedures. For purposes of this policy, “reverse auction” means a real-time purchasing process in which bidders compete to provide goods at the lowest selling price in an open and interactive environment. The superintendent or finance officer shall determine whether reverse auctions are appropriate for a specific purchase or category of purchases. To conduct a reverse auction, the finance officer may use a third party, may use the state’s electronic procurement system, or, if appropriate equipment is available, may conduct the auction using school system equipment.

3. Exceptions to Formal Bids

Any of the processes outlined below in Section E may be used in lieu of formal bidding, so long as all requirements of state law are met.

**B. INFORMAL BIDS (\$30,000 TO \$90,000)**

The purchase of apparatus, supplies, materials, or equipment for expenditures of at least \$30,000 but less than \$90,000 must be secured through the informal bidding process governed by G.S. 143-131. The superintendent or finance officer is authorized to determine the best method for securing informal bids on a product. The finance officer or designee shall oversee the use of any purchasing method and ensure that all state requirements are met, including maintaining records of all bids submitted. Records of informal bids will not be available for public inspection until the contract has been awarded. Awards will be made to the lowest responsible, responsive bidder(s) whose bid or proposal meets the requirements and criteria set forth by the school system, taking into

consideration quality, performance, and the time specified in the proposal for the performance of the contract.

1. Competitive Sealed Bids

Informal bid requirements may be met by the use of sealed bids. The finance officer or designee may utilize the methods for formal competitive bids provided in section A or may determine other appropriate methods for soliciting sealed bids. The bid specifications must include the time, date, and place for opening bids. No advertisement for bids is necessary (unless the formal bid process is used); however, the finance officer or designee may advertise for bids as he or she deems appropriate.

2. Quotations

Informal bid requirements may be met by the solicitation of quotes from prospective vendors. Quotations may be solicited and submitted via telephone, fax, e-mail, or the North Carolina E-Procurement system. Telephone quotes must be placed in writing before a final contract will be awarded. Written quotations must be on the vendor's letterhead or an official quotation form.

3. Reverse Auction

A reverse auction may be used to solicit informal bids, consistent with the process provided in Section A.2.

4. Exceptions to Informal Bids

Any of the processes outlined below in Section E may be used in lieu of informal bidding, so long as all requirements of state law are met.

**C. LOCAL REQUIREMENTS FOR PURCHASES FOR LESS THAN \$30,000**

When competitive bidding is not statutorily required, purchases should be made under conditions that foster competition among potential vendors. Purchasing decisions should be made after considering price, quality, suitability for specified need, and timeliness of delivery and performance. The board may refuse to enter into a contract with a supplier or contractor whose performance on a previous contract was found to be unsatisfactory by the superintendent or the board.

If informal bidding is used, the informal bidding process described in Section B, above, may be followed.

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**D. ELECTRONIC BIDDING**

Pursuant to G.S. 143-129.9(a)(2), the school system may receive bids electronically in addition to or instead of paper bids. If electronic bids are used for purchases that must be formally bid, procedures for receipt of electronic bids must be designed to ensure the security, authenticity, and confidentiality of the bids to at least the same extent as provided with paper bids. The superintendent or finance officer shall determine whether electronic bidding is appropriate for a specific purchase or category of purchases.

**E. EXCEPTIONS TO THE FORMAL AND INFORMAL BIDDING REQUIREMENTS**

The school system may utilize the following purchasing options instead of pursuing competitive bidding. Formal or informal bidding is not required if any of these processes are used. The finance officer or designee shall gather information to document the basis for the use of any exceptions to the competitive bidding requirements. The superintendent or finance officer will determine that using one of the following exceptions is appropriate for a specific purchase or group of purchases.

**1. Purchases from Other Governmental Agencies**

Pursuant to G.S. 143-129(e)(1), the school system may contract for the purchase, lease, or other acquisition of apparatus, supplies, materials, or equipment from any other federal, state, or local governmental agency.

**2. Special Emergencies**

Pursuant to G.S. 143-129(e)(2), competitive bidding is not required in cases of special emergencies involving the health and safety of people or their property. For an emergency to exist under the statute, the following factors must exist: (1) the emergency is present, immediate, and existing; (2) the harm cannot be averted through temporary measures; and (3) the emergency was not self-created by the school system.

**3. Competitive Group Purchasing**

Pursuant to G.S. 143-129(e)(3), the school system may make purchases through a competitive bidding group purchasing program, through which another entity uses a competitive process to establish contracts on behalf of multiple entities at discount prices.

**4. State Term Contract**

Pursuant to G.S. 143-129(e)(9), the school system may purchase products included in state term contracts with the state vendor for the price stipulated in the state contract, if the vendor is willing to extend to the school system the same or more favorable prices, terms, and conditions as established in the state contract.

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5. Sole Source Items

Pursuant to G.S. 143-129(e)(6), upon approval of the board of education, the school system may purchase an item through a single or sole source contract under the following circumstances: (1) when performance or price competition is not available; (2) when a needed product is available from only one source of supply; or (3) when standardization or compatibility is the overriding consideration. When requesting a purchase under the sole source exception, the finance officer or designee shall provide the board with documentation that justifies the use of the exception.

6. “Piggybacking” or Previously Bid Contracts

Pursuant to G.S. 143-129(g), upon approval of the board of education, the school system may purchase from any supplier that, within the previous 12 months, has contracted to furnish the needed item to the federal government, to any state government, or to any agency or political subdivision of the federal government or any state government. Before recommending a purchase using the piggybacking exception, the finance officer or designee shall ensure that the following requirements are met: (1) the price and other terms and conditions of the contract are at least as favorable as the prior contract; (2) the contract was entered into following a public, formal bidding process substantially similar to that required by North Carolina General Statutes; (3) the same vendor is used; and (4) notice of intent to award the contract without bidding is publicly advertised at least 10 days prior to the regularly-scheduled board meeting at which the contract will be approved. Before approving the contract, the board must determine that using the contract is in the best interest of the school system.

7. Purchases of Information Technology Goods and Services

Pursuant to G.S. 143-129(e)(7) and 143B-1324(b), the school system may purchase or lease information technology through contracts established by the Department of Information Technology. The finance officer or designee shall work with the information technology department to ensure that any such purchases meet the needs of the school system.

In addition, the school system also may purchase information technology goods and services by using a request for proposal (RFP) pursuant to G.S. 143-129.8, provided that the following requirements are met: (1) notice of the request is provided consistent with the formal bidding notice requirements and (2) contracts are awarded to the person or entity that submits the best overall proposal as determined by the superintendent and finance officer. The RFP should describe the scope of work, general terms and conditions, specifications of the product needed by the school system, and the application process. The information technology supervisor shall assist the finance officer or designee in reviewing the

responsiveness of any RFP submitted pursuant to this subsection. RFPs will be evaluated using the “best value” method as defined in G.S. 143-135.9(a)(1) so that the system may select the most appropriate technological solution to meet the school system’s objectives. However, if the finance officer or designee considers the purchase to be highly complex or is unable to clearly determine what the optimal solution for the school system is, the “solution-based solicitation” or “government-vendor partnership” method may be used. The finance officer or designee may negotiate with the proposer to obtain a final contract that meets the best needs of the school system, so long as the alterations based on such negotiations do not deprive proposers or potential proposers of the opportunity to compete for the contract and do not result in the award of the contract to a different person or entity than would have received it if the alterations had been included in the RFP.

8. Gasoline, Fuel, and Oil Purchases

Pursuant to G.S. 143-129(e)(5), the school system may purchase gasoline, fuel, and oil products without using formal competitive bidding. However, such purchases are subject to the informal bidding requirements provided above.

9. Used Products

Pursuant to G.S. 143-129(e)(10), the school system may purchase previously used apparatus, supplies, materials, or equipment without using formal competitive bidding. Before purchasing used products, the finance officer or designee shall ensure that the products are in good, usable condition and will be sufficient to meet the school system’s needs for a reasonable period of time.

10. Published Materials

Pursuant to G.S. 115C-522(a), compliance with Article 8 of Chapter 143 of the General Statutes is not mandatory for the purchase of published books, manuscripts, maps, pamphlets, and periodicals. Such purchase shall be made in accordance with Section C of this policy.

**F. LEASE PURCHASE CONTRACTS AND OTHER CONTRACTS FINANCED OVER TIME**

Lease purchase contracts, contracts that include options to purchase, and leases for the life of equipment all must be bid consistent with the requirements of G.S. 143-129 and 143-131. The finance officer shall ensure that such contracts meet the legal requirements and the provisions of policy 6420, Contracts with the Board.

**G. USE OF SCHOOL SYSTEM TERM CONTRACTS**

The school system may create and use term contracts for items that are routinely purchased by the school system. If the estimated expenditure for a routine item under the term

contract is equal to or exceeds \$90,000, the contract must be formally bid. If the estimated expenditure is at least \$30,000 but less than \$90,000, the contract must be informally bid. The finance officer or his designee may incorporate the use of a term contract in the bidding specifications. If term contracts are used, the contracts will be created and/or reviewed by the board attorney, in consultation with the finance officer or designee.

#### **H. HISTORICALLY UNDERUTILIZED BUSINESSES**

The board affirms the state's commitment to encouraging the participation of historically underutilized businesses in purchasing functions. The board will comply with all legal requirements and the standards in policy 6402, Participation by Historically Underutilized Businesses.

Legal References: 2 C.F.R. 200.317-326; G.S. 64- Art. 2; 115C-36, -522; 143- art. 8; 143B- art. 14; 147 art. 6E, art. 6G; Sess. Law 2013-128

Cross References: Participation by Historically Underutilized Businesses (policy 6402), Organization of the Purchasing Function (policy 6410), Contracts with the Board (policy 6420)

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