

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF EDUCATION SERVICES
Policies and Procedures**

OES PURCHASING

Effective Date: July 1, 2002

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Reference: [G.S. 143 Article 3 and 3C](#); North Carolina Administrative Code Title 1, Chapter 5; the State Purchasing Manual; and the DHHS Purchase & Contract Manual, Part I.

I. PURPOSE

To establish policies and procedures for carrying out the responsibilities of purchasing within the agencies of the Office of Education Services (OES), that are in accordance with the requirements set forth by the North Carolina Division of State Purchase and Contract (P & C) and the [North Carolina Department of Health and Human Services \(DHHS\)](#).

Purchasing is defined as the acquisition of all equipment, materials, supplies and printing through outright purchase, rental, lease or lease-purchase.

This policy applies to all OES Agencies, which include the OES Central Office, the [Western North Carolina School for the Deaf](#), the [Eastern North Carolina School for the Deaf](#), the [Governor Morehead School for the Blind](#), and the [Early Intervention Preschool Programs](#).

The OES Schools, along with other DHHS institutions, have been granted purchasing authorization up to \$10,000 without Departmental oversight for purchasing. The OES Central Office must process their purchase orders through the DHHS Purchasing and Contracts Section, and Early Intervention Preschool Programs must process their purchase orders through the Schools Business Offices.

II. POLICY

Purchases made by OES Agencies shall reflect sound business practices as set forth in Article 3 and 3C of Chapter 143 of the General Statutes; the North Carolina Administrative Code Title 1, Chapter 5; the State Purchasing Manual; and the DHHS Purchase & Contract Manual, Part I.

The goal of this office is to provide for the timely, economical acquisition of required goods in the most efficient, cost-effective manner possible, while adhering to all state purchasing requirements.

A. AGENCY RESPONSIBILITY

1. Each OES School is required to employ an Agency Purchasing Officer, who is responsible for oversight of the acquisition of supplies, materials and equipment within the school; and who serves as the liaison with the DHHS Purchasing Office and State P & C.
2. All purchasing personnel must be made aware that ethics and ethical practices are a major concern in the realm of public purchasing; and therefore, any impediments to ethical practices must be detected early, with safeguards provided at all levels. Negotiations with vendors and peers must be open, honest and objective.

B. PURCHASING AUTHORITY

The three OES Schools have been given authorization for purchases up to the approve delegation as authorized by the Office of State Purchasing and Contracts, which allows them to issue their own purchase orders, up to that approved delegation. Purchases over \$10,000 are processed by State Purchase and Contract; however, this delegation does not relieve the schools of their accountability to the DHHS Purchasing Officer for any matters related to purchasing. All purchasing procedures should follow the DHHS policies and procedures as closely as possible.

The other OES Agencies are required to send their purchase requisitions to the DHHS Purchasing Office where the purchase order is generated.

C. STATE PROCUREMENT CARD

All OES Agencies have been approved to use the State Procurement Card when making small purchases for the agency in cases of emergency or pressing need. ([See the OES Procurement Card Policy](#)) Small purchases are low dollar-value items, materials or supplies, purchased in small quantities. Small purchase items may or may not be on state term contracts. In some instances, items may be listed on state term contracts but the quantity required does not meet the requirements of the contract. When this occurs, items may be purchased from non-contract vendors.

Each OES Agency has been given specific delegations for small purchases. Each Agency must be aware of and abide by its delegation.

D. COMPETITIVE BIDDING

The State's purchasing program is based upon sound competitive purchasing procedures. Competition is the cornerstone around which public contracting is built; and the importance of seeking competition exists at all levels of expenditures. All agency, purchasing, personnel must maintain an awareness of the need for and the value of competition in every procurement action. Although the lowest responsive and responsible bid price is the benchmark in North Carolina's purchasing program, price should not be considered as the absolute in the competitive arena.

Since OES serves children with specific disabilities, the scope of adaptive and rehabilitative purchases is unique. The purchase outside of certified sources of supplies and the waiving of competition when a single source can provide multiple pieces of equipment, including adaptive equipment, that are more compatible with each other than would be the case if they were purchased from multiple vendors, is acceptable when well-documented.

OES Agencies are required to implement the following requirements for seeking competition as follows:

OES SCHOOLS EARLY INTERVENTION PRESCHOOLPROGRAM

- (1) \$1 to \$2500 – no bids required
- (2) \$2500 to \$5000 – 3 telephone/catalog quotes
- (3) \$5000 to \$10,000 – 3 written quotes
- (4) \$10,000 and above – State P & C solicits bids

E. SOLE-SOURCE GUIDELINES

A sole-source vendor may be requested when an item is available from only one source. Using a sole-source vendor is discouraged and should be used only in extenuating circumstances. If a specific vendor is being requested, the answers to the following questions will provide a detailed justification for a sole-source purchase.

1. What is unique about this product?
2. Where else have I searched for competition?
3. Can I be safe in requesting this procurement as a sole-source?
4. Have I received quotes from other vendors, if applicable?
5. Will DHHS and P&C understand my conclusions?
6. Have I adequately documented my reasons for sole-sourcing?

F. EMERGENCY PURCHASES

Emergency purchases are permissible in situations that threaten or endanger life, property, or the continuation of a vital program and that can be rectified only by immediate on-the-spot purchase or rental of equipment, supplies or materials. Where the safety or health of individuals is at risk; the preservation or protection of property is at stake; the function of the Agency is in jeopardy; or there are other needs that must be dealt with immediately; an emergency situation exists. In these situations, immediate action may be taken; thus reducing to the absolute minimum the kinds of delays normally encountered in the purchasing process.

If the emergency requires purchase of state term contract items from vendors, other than those listed in the appropriate term contracts, or if the emergency requires purchase of items that exceed authorization limits, the Agency must obtain verbal approval from the OES Business Director, DHHS Purchasing and State P & C, as applicable, whenever time permits. Documentation of the emergency and an explanation of why normal purchasing procedures could not be followed must be prepared in every instance and forwarded to OES Central Office, DHHS and State P & C as soon as possible, after the purchase has been completed.

If an emergency purchase is required in a situation arising after regular business hours or on weekends, verbal approval from the Purchasing Officer must be obtained, if possible, in order for the purchase to be made by the Agency. Supporting documentation must be prepared and forwarded to OES as soon as possible.

G. FIXED ASSETS

All purchased equipment whose total purchase price is \$500 and above must be identified as a "fixed asset" for the Agency and must be tagged with a fixed asset decal and added to the Agency's Fixed Asset Inventory. Specific devices such as auditory transmitters, and receivers and all other prosthetic appliances are not to be considered fixed assets.

The permanent file of Fixed Assets for the Agency shall be maintained in the Agency Stock Clerk.

H. RECYCLING

Each OES Agency must encourage and promote the purchase of products with recycled content. Each Agency shall review and revise its competitive procedures or specifications that explicitly discriminate against the use of materials or supplies with recycled content, except where such procedures or specifications are necessary to protect health, safety or welfare of the citizens of this State.

Each Agency should obtain from State P & C, a list of materials and supplies with recycled content that is available for purchase under statewide term contract. It is the goal of the State that at least 50% of the total amount spent for purchase of paper and paper products during each fiscal year be expended for paper and paper products with recycled content.

Each OES Agency must report annually to the Office of Waste Reduction the amount and types of materials and supplies with recycled content that were purchased during the previous fiscal year. This report must be forwarded to the DHHS Purchasing Office.

I. WASTE REDUCTION

Each OES Agency must review and revise its competitive procedures and specifications to encourage purchases or use of reusable, refillable, repairable, more durable and/or less toxic supplies and products. Each Agency is required to purchase such supplies and products to the extent that purchase or use is practicable and cost-effective. Each Agency is required to purchase and use remanufactured toner cartridges for laser printers to the extent possible.

J. HISTORICALLY UNDERUTILIZED BUSINESS PROGRAM (HUB)

OES Agencies are strongly encouraged to strive to increase the total amount of goods acquired from HUB vendors, whether directly as principal contractors or indirectly as subcontractors. It is expected that each OES Agency will make every effort to meet the DHHS annual goal for using HUB vendors each year. Each Agency is required to report the amount of purchases made through identified HUB vendors and submit such report to the DHHS Purchasing Office on a quarterly basis.

III. PROCEDURES FOR PURCHASING COMMODITIES

A. STATE TERM CONTRACTS

Whenever possible, commodities should be purchased from State Term Contracts.

State P & C has initiated term contracts covering commonly purchased supplies, materials and equipment. These contracts were developed by State P & C through the competitive bidding process. Items available through term contracts include, but are not limited to:

- Office supplies and equipment
- Furniture
- Typewriters
- Copiers
- Janitorial supplies
- Audiovisual supplies and equipment

When multiple vendors are listed for a product, the purchaser may select any vendor listed on the contract designated to do business in that area. In every case, the item representing the best value for the application shall be selected.

State Term Contracts bind both parties – the vendor and the State. The vendor has agreed to sell at a certified price and the State has agreed that **all** of its purchases of that commodity will be from the certified vendor.

Occasionally there may arise a need for an item so unique that it is unavailable through existing State P & C contracts, even though these contracts may include similar items that are functionally the same. Given adequate written justification, purchase of such non-contract items may be considered.

B. PURCHASES OVER \$10,000

1. Processing by State P & C

When a requested purchase exceeds \$10,000, a purchase order signed by the Agency Purchasing Agent must be transmitted through appropriate channels to State P & C. This requisition must include specifications and/or descriptive literature sufficient to identify the item to be purchased.

State P & C will follow formal procedures to solicit sealed bids. This is done via the Internet or by means of a bid list or advertisement in a newspaper of statewide circulation at least ten (10) days prior to the designated bid opening date.

Bids are subject to review by the requesting agency, which then makes a recommendation to State P & C.

State P & C will evaluate the recommendation of the requesting agency and present its findings at the weekly meeting of the Board of Award, which makes the final approval.

State P & C then forwards certification of award to the requesting Agency's Purchasing Agent. This constitutes authorization for the issuance of the agency's purchase order.

2. Processing by Agency Purchasing Agent

There are limited items that are not subject to processing through State P & C even though the order may exceed \$10,000. It is, however, the responsibility of the Agency to follow competitive purchasing procedures when buying these items. Contact DHHS before processing such items to determine whether or not DHHS has imposed additional procedures for such purchases:

- Perishable items such as fresh fruits, vegetables, etc.
- Medical products or prosthetic appliances prescribed by a physician
- Educational Materials

C. PURCHASES UNDER \$10,000

Although the Internet bidding process as described above does not apply to purchases under \$10,000, there are, however, requirements for competition attached to purchases under \$10,000.

1. Purchases from N.C. Corrections Enterprises

Each DHHS Agency must give preference to the [Department of Corrections \(DOC\)](#) products when they are manufactured, produced or provided within the State Prison System and offered for sale by DOC.

Products available from the private sector, including those on State Term Contract, shall be purchased only when a waiver has been signed by personnel at N.C. Corrections Enterprises stating that the DOC product will not satisfy the requirements of the agency or will not be available when needed.

2. Information Technology (IT) Purchases

All data processing equipment, software and related items must have the approval of the Division of Information Management (DIRM) before a purchase order can be cut. Once an electronic requisition for an information technology purchase is entered into N.C. E-Procurement System, it must be forwarded to DIRM for approval. Following DIRM approval, the purchase order may be cut and processed.

All approved requests for IT purchases that exceed \$25,000 must be sent to [Information Technology Services](#) (ITS) for procurement. This requirement applies to non-state-contract hardware and software, and also includes pagers, telephone service, facsimile machines, printers, copiers and computer projection devices, together with rental, lease or maintenance on any or all of the aforementioned.

3. Software Purchases

There are two types of software that may be purchased: custom software and “off-the-shelf” software. DHHS Agencies are delegated to purchase “off-the-shelf” software. Custom software, equipment and maintenance involving help-desk, technical support or similar assistance should be purchased as a “contractual service” and should always be bid on via RFP. “Off-the-shelf” software, wherein the source code is not changed, does not have to be bid on because no two software packages are alike.

The DHHS Purchasing Manual, Part I, outlines the steps each OES Agency should take when purchasing software.

4. Blanket/Open-end Purchase Orders

Blanket or open-end purchase orders offer simplified methods of filling anticipated repetitive needs for quantities of items, materials or supplies by establishing “charge accounts” with qualified sources of supply. A blanket purchase order should be used when the Agency has a recurring need for a certain commodity.

Blanket purchase orders may be issued for periods of up to 12 months but may not cross the end of a state fiscal year. Issuance of blanket purchase orders implies certification that funds, sufficient to cover the amounts specified in the orders, have been budgeted.

D. PURCHASE OF USED ITEMS

It is allowable to purchase used items if it is in the public interest and there is a demonstrated savings. In each case, the purchase file must contain sufficient data to insure that such a purchase is a good buy. The permanent file should contain:

- A signed invoice identifying the item to be purchased and cost
- Documentation by a competent authority stating the condition of the item and its worth
- Documentation stating the “new value” of such item

E. PURCHASE FROM/THROUGH STATE EMPLOYEE

All reasonable effort must be made to avoid making purchases from or through employees of state government, its agencies or its public school administrative units. In the event that a required item, material or supply cannot be obtained from or through any other sources, acquisition from a state employee may proceed, given approval of the Secretary of Administration. If approved, purchase should be made according to policies governing sole-source purchases.

In the event an unapproved purchase from or through a state employee is discovered, after the fact, such purchase shall immediately be reported to the Secretary of Administration, who will take appropriate action.

The purchasing power of the State is not to be used for personal or private advantage or gain.

IV. PURCHASING REQUIREMENTS

A. REQUISITIONS

In the three OES Schools and the Early Intervention Preschool Program, each purchase where the total dollar amount is **\$501** or more requires an electronic **requisition, unless the purchase is an immediate need commodity where time or vendor does not permit use of the N.C. E-Procurement System.**

All requisitions must be submitted electronically through the North Carolina E-Procurement System. The requisition must be approved within the E-Procurement system by at least one designated person in each Agency to insure that the requisition is a legitimate purchase.

Whenever the Available Funds File (AFF) is active, the NCAS checks the company/account/center for funds availability. If funds are not available, the requisition may be passed to the Business Manager or financial designee to transfer funds to cover that purchase. If funds are available, the requisition may then be converted into a purchase order.

B. PURCHASE ORDERS

In the three OES Schools and the Early Intervention Preschool Program, each purchase where the total dollar amount is **\$501** or more requires a requisition to be converted into a **purchase order**.

The OES Schools are authorized to use their own purchase orders and the Agency Purchasing Officer prepares the purchase order, unless otherwise instructed.

Whenever the Available Funds File (AFF) is active, the company/account center is checked again for funds availability. The purchase order continues through the normal process as long as funds are available.

C. NORTH CAROLINA ACCOUNTING SYSTEM

The North Carolina Accounting System (NCAS) is the system that the DHHS Controller's Office uses for their accounting functions.

Once a purchase order has been entered into the E-Procurement system, an invoice is entered into NCAS by the accounting staff and matched to the purchase order by the system. After the purchased goods are received locally, that information must be transmitted on-line through E-Procurement order for the invoice to be paid.

Training for use of the E-Procurement System and the proper identifications needed to access that system are available from the OES Business Director.

The E-Procurement project team maintains a "Help Desk" for system-related problems and is available for assistance with system-related problems in requisitioning, purchasing approving and receiving.