

IREDELL-STATESVILLE SCHOOLS

PURCHASING MANUAL

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PART I

INTRODUCTION AND PURPOSE

INTRODUCTION

Local Boards of Education are delegated authority to purchase goods and services and to enter into contracts by the North Carolina General Assembly. Therefore, school systems' purchasing operations and procedures are controlled by North Carolina General Statutes. Areas not specifically addressed by the General Statutes are covered by local Board of Education policy and Iredell-Statesville Schools procedures.

The Department of Administration through the Division of Purchase and Contract is charged with jurisdiction and control over the specifications and purchase of supplies, equipment and materials related to student transportation. Items needed that have safety features and are available on statewide term contract must be purchased from State contract vendors. (G.S. 115C-522(a)).

The purchase or exchange of all other supplies, equipment, and materials available on State term contracts will be made from contract vendors, unless items are available from other sources at a lesser cost.

PURPOSE

The purpose of this manual is to be both informative and instructive to those associated with acquiring goods and services for Iredell-Statesville Schools. The manual will describe the procedures to be used to ensure that statutory requirements relating to purchasing have been complied with.

The purchasing function includes the entire process of securing goods and services which assures:

- getting maximum benefits from and proper use of the school system's monies for the students.
- carrying out the purchasing process in the best interest by preventing fraud, waste and abuse where public funds are used to purchase apparatus, supplies, materials, equipment, and services for the Iredell-Statesville Board of Education and taxpayers of Iredell County.
- conducting all purchasing in accordance with N.C. General Statutes, local Board of Education policies, and recognized professional purchasing practices.
- a climate of fair and open competition for all qualified vendors.

Purchasing processes are in accordance with

- various requirements of the N.C. General Statutes (NCGS)
- applicable federal law and the Uniform Guidance (2 C.F.R. § 200.318(a))
- regulations of the State of N.C., Division of Purchase and Contract (P&C)
- policies of Iredell-Statesville Schools (I-SS)
- procedures outlined in this manual

PART II

PURCHASING RULES AND REGULATIONS

RULES AND REGULATIONS

G.S. 115C-522 states: It shall be the duty of local boards of education to purchase or exchange all apparatus, supplies, materials, or equipment and these purchases shall be made in accordance with Article 8 of Chapter 143 of the General Statutes. It is the responsibility of each employee involved in the procurement process to understand the policies that these procedures are based upon.

No contract shall be awarded to a contractor who is suspended or debarred by either the Federal or State government.

Below are summaries of policies affecting purchasing by school administrative units and individual schools. Please refer to the policy in its entirety for more details

Policy 6420 – Contracts with the Board

- Any contract involving expenditures in excess of \$90,000 must be approved in advance by the board.

Policy 6430 – Purchasing Requirements for Equipment, Materials and Supplies

- Formal bids – purchases equal to or over \$90,000
- Informal bids:
 - Administrative departments – purchases between \$30,000 and \$90,000
 - Individual schools – purchases between \$3,000 and \$90,000
- Exceptions to the formal and informal bidding requirements

Policy 6450 – Purchase of Services

- Competitive bidding, when using State or Local funds, is not required but contracts must be made under conditions that foster competition.

Policy 8305 – Federal Grant Administration

- All purchases for property and services made using Federal funds must be conducted in accordance with all applicable federal, State and local laws and regulations, the Uniform Guidance, and the school system's written policies and procedures.
- Broader definition of conflict of interest to include (1) the employee, (2) any member of his or her immediate family, (3) her or her partner or (4) an organization which employs or is about to employ any of those parties

Policy 9120 – Bidding for Construction Work

- Informal bids – construction and repair contracts between \$30,000 and \$500,000
- Formal bids – construction and repair work requiring the estimated expenditure of \$500,000 or more

CONFLICT OF INTEREST

The Purchasing Department will conduct business in accordance with Board policies 6401 and 8305 and follow ethics and integrity guidelines set forth in the State of North Carolina Agency Purchasing Manual and the Federal Uniform Guidance. Purchasing is committed to fairness and impartiality in all phases of the purchasing process.

No employee should solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. Gifts that are not substantial or are unsolicited and of nominal value (\$50 or less individually or aggregate value of \$100 or less annually) are acceptable.

EXCEPTIONS AND DELEGATIONS OF AUTHORITY

Some items are exempt from these policies and the State therefore delegates authority to local agencies in purchasing the following (GS 115C-522 and GS 143-129(e))

- Published books, manuscripts, maps, globe, pamphlets and periodicals
- Perishable articles such as fresh vegetables, fresh fish, fresh meat, eggs and others as may be classified by the Secretary of Administration.
- Shrink Wrapped (off-the-shelf) Software and upgrades.
- Repairs (non-construction) handled by private sector personnel, regardless of cost, but competition must be sought where available.
- Emergency purchases involving health and safety of people or property (see Emergency Purchases under Special Conditions.

SPECIAL CONDITIONS

Emergency Purchases

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.

The following procedures should be followed when there is a need for an emergency purchase:

- Each Director should furnish the Purchasing Director with a list of his designee authorized to declare emergencies.
- The Director or his designee must sign the requisition or voucher request and clearly mark as "EMERGENCY." Documentation must be attached describing the need for the emergency purchase.
- The Purchasing Director should verify that funds are available before continuing. If funds are not available, the Purchasing Director should contact the Finance Officer for direction before continuing with placement of the order.
- If an emergency or pressing need occurs after normal working hours, the appropriate Director may obtain needed rental of apparatus, supplies, materials, equipment or services to resolve the issue with notification to the Purchasing Director as soon as possible.

Open "Blanket" Purchase Order (Administrative Departments only)

Open "Blanket" purchase orders are meant to provide users with better service by being the least restrictive method of purchasing while maintaining accountability. The total amount of an open purchase order shall not exceed \$30,000 (fuel is an exception). Open purchase orders are issued only by approval of the

Purchasing Director or designee. This procedure applies to the use of all open purchase orders. Vendors should be selected that provide stated trade discounts for volume purchasing. Open purchase orders are to be used only when the department will purchase repetitive, specified services or items, or categories of items from the same vendor.

Open purchase orders should NOT be used when:

- no benefit will be obtained over a regular purchase order
- prices are unknown at ordering time, or subject to change without notice
- quality of vendor or services is questionable
- control over school system purchases would be weakened significantly

An open purchase order is prepared using the standard requisition process and must include the following information:

- sales tax shown as a separate item
- brief description of items and/or categories of items, i.e. building supplies, repair parts
- list of personnel authorized to charge materials

At each stage of the open purchase order process, department directors should closely examine transactions to insure that all legal mandates are being met.

LEASE/PURCHASE

As part of NCGS 115C-528, Section 14, Article 37, school systems are allowed to purchase or finance the purchase of automobiles, school buses, mobile classroom units, photocopiers, computer hardware and software, and related support services (i.e., maintenance agreements, software support) by lease purchase contracts and installment purchase contracts. Although bidding is not required by statute, Iredell-Statesville Schools may obtain competition to assure the best price is received taking into consideration all factors associated with the item to be leased.

HISTORICALLY UNDERUTILIZED BUSINESS (HUB) PROGRAM

The Purchasing Department shall actively seek and identify qualified minority, disabled, and women owned business enterprises and offer them the opportunity to bid on items. The Purchasing Department is required by General Statutes to report all bids extended to and purchases made from DBE's, MBE's and WBE's to the Division of Purchase and Contract quarterly for inclusion in a consolidated report to the General Assembly.

CORRECTION ENTERPRISES

North Carolina has a preference Statute that controls the sale of prison industry products and prohibits their sale to the private sector. Where possible Iredell-Statesville Schools will purchase from the North Carolina Correction Enterprises. See Appendix A for products and services offered.

PART III

COMPETITION

All transactions must be conducted in a manner providing full and open competition. In order to ensure objective contractor/vendor performance and eliminate unfair competitive advantage, contractors/vendors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

1. Placing unreasonable requirements on firms in order for them to qualify to do business;
2. Requiring unnecessary experience and excessive bonding;
3. Noncompetitive pricing practices between firms or between affiliated companies;
4. Noncompetitive contracts to consultants that are on retainer contracts;
5. Organization conflicts of interest;
6. Specifying only a 'brand name' product instead of allowing 'an equal' product to be offered and describing the performance or other relevant requirements of the procurement; and
7. Any arbitrary action in the procurement process

Procurements must be conducted in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal, State or local statutes expressly mandate or encourage geographic preferences. Nothing in this section preempts state licensing laws. When contracting for architectural or engineering services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

PART IV

PURCHASING PROCEDURES

REQUISITION -PREPARING

A requisition must be issued for all apparatus, materials, supplies, equipment, services, construction or repair projects costing more than \$500. All schools and departments should take steps to avoid the purchase of unnecessary or duplicative items. Schools and departments should consider purchasing surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project cost.

The purchase requisition is the first step in the routine purchasing cycle. It is used to specify products or services needed and delivery requirements. It is the source document from which the purchase order is prepared. The purchase requisition should be completed by the school or department desiring to purchase goods or services. This is an electronic process done within the LINQ accounting software.

Requisitions must contain the following information for detailed purchase orders (refer to Open "Blanket" Purchase Order, page 3, for needed information):

- Originating School or Department
- Approval of principal or director
- Budget Code with sufficient funds
- Vendor Name and Address
- Quantity of item(s) requested
- Unit of Measure (each, box, pkg, case, etc.)
- Detailed description of requested items. Must include item numbers when known.
- Discount, if offered
- Estimated Shipping
- Sales Tax (Iredell-Statesville Schools must pay North Carolina sales tax on all purchases of commodities. Sales tax must be added even if items are ordered from out of state vendors. Sales tax should be calculated based on the subtotal plus the estimated freight.)

Any necessary supporting documents should be submitted via the LINQ document cabinet.

PURCHASE ORDERS

Purchase orders serve as a vehicle to encumber funds. State law requires that funds be encumbered for each purchase prior to placement of the order.

The Iredell-Statesville Board of Education is not responsible for the payment of invoices for orders placed without authorization and without being assigned a purchase order number.

The following procedures apply to purchase orders issued and approved by the Purchasing Department for all schools and departments in the system using Iredell-Statesville Board of Education funds.

1. Purchase orders are prepared directly from information gathered from the approved purchase requisition submitted by schools or departments.
2. After purchase requisitions have been reviewed by the Purchasing Director or designee for completeness and accuracy and sufficient funds are determined to be available, the purchase order is released and either emailed or faxed to the vendor. If funds are not available, the school or department is notified via email.

3. After approved purchase orders are released a receiving copy is emailed to the school or department.

RECEIVING PROCEDURES

The purpose of this section is to stress the importance of the procedures that must be performed between the time that goods and services are purchased and when payment is made.

Purchasing is the first step in the entire acquisition process that begins with the requisition of goods and service. After purchasing, goods and services must be physically received and the receipt documented. The goods must then be stored or delivered to the appropriate location.

Timely and accurate receiving procedures are essential for assurance that goods and services paid for have actually been received. Persons signing to acknowledge receipt of goods and services must be aware that in doing so they are authorizing the expenditure of school system or individual school funds. Under no circumstances should any school employee sign for goods or services that they have not actually seen. All relevant data should be verified such as item number, part number, description, quantity, and quality.

The bill of lading and packing lists along with the signed receiving copy of the purchase order must be forwarded to the Accounts Payable Department immediately after receipt is verified. Iredell-Statesville Schools is obligated to pay invoices promptly in order to maintain good credit and to avoid finance charges due to late payments.

If items received are incorrect, contact the vendor and arrange for the return of incorrect items and shipment of actual item ordered.

If a partial shipment is received, note on the receiving copy of the purchase order those items actually received and remit to accounts payable for a partial payment. The school or department should keep a copy of the receiving copy of the purchase order to remit to accounts payment when final shipment is received.

PART V

SPECIAL PURCHASING SITUATIONS

Purchases for State Employees

The purchasing power of the State shall not be used for private advantage or gain. Purchases under contracts made by the State are not allowed for personal use out of private funds, nor are agencies or institutions to place orders for articles for ownership by employees or other individuals.

Purchases from State Employees

Purchases can be made from employees assuming the employee is not involved the approval of the purchase. Refer to Policy 7730 for more details.

Complaint to Vendor

Occasionally problems with a vendor may arise regarding late delivery, incorrect quantities received or improper substitutions of requested merchandise. For items ordered through State term contracts negotiated by the Division of Purchase and Contract, a Complaint To Vendor Form, Form PC-104, is used to file a complaint with a vendor.

When complaints arise about purchasing transactions with other vendors who are not selling merchandise from contracts negotiated by the Division of Purchase and Contract, it is the duty of the schools and departments to notify the Purchasing Director in writing of the complaint. Purchasing will resolve the complaint directly with the vendors.

Fixed Assets

Fixed assets are tangible assets of a school system. Purchases of all equipment (furniture, furnishings, computers, office equipment, machinery, tools, buses, trucks, other vehicles) having a cost basis of \$5,000 or more are capitalized. Purchases of all equipment having a cost basis between \$1,000 and \$4,999 are inventoried. Each school and department is required to perform a count of all capitalized and inventoried items annually.

Subscription and Periodical Orders

Requisitions for a subscription should be requested, where possible, so that subscription runs from July 1 through June 30 of each fiscal year. A subscription can only be for one year, multiple year subscriptions are not permitted since funds can only be encumbered for the current year. Subscriptions will be sent directly to the school or department. Subscriptions paid for with state or local funds will not be sent to teachers' or administrators' home address.

PART VI

FEDERAL UNIFORM GUIDANCE PROCUREMENT REQUIREMENTS

PURPOSE

The purpose of this section is to establish guidelines that meet or exceed the procurement requirements for purchases of goods (apparatus, supplies, materials, and equipment), services, and construction or repair projects when federal funds are being used in whole or in part to pay for the cost of the contract.

POLICY

Application of Policy

This policy applies to contracts for purchases, services, and construction or repair work funded with federal financial assistance (direct or reimbursed). The requirements of this Policy also apply to any subrecipient of the funds.

All federally funded projects, loans, grants, and sub-grants, whether funded in part or wholly, are subject to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards (Uniform Guidance) codified at 2 C.F.R. Part 200 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds.

Compliance with Federal Law

All procurement activities involving the expenditure of federal funds must be conducted in compliance with the Procurement Standards codified in 2 C.F.R. § 200.317 through § 200-326 unless otherwise directed in writing by the federal agency or state pass-through agency that awarded the funds. Iredell-Statesville Schools will follow all applicable local, state, and federal procurement requirements when expending federal funds. Should the Iredell-Statesville Schools have more stringent requirements, the most restrictive requirement shall apply so long as it is consistent with state and federal law.

Contract Award

All contracts shall be awarded only to the lowest responsive responsible bidder possessing the ability to perform successfully under the terms and conditions of the contract. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

No Evasion

No contract may be divided to bring the cost under bid thresholds or to evade any requirements under this Policy or state and federal law.

Contract Requirements

All contracts paid for in whole or in part with federal funds shall be in writing. The written contract must include or incorporate by reference the provisions required under 2 C.F.R § 200.326 and as provided for under 2 C.F.R. Part 200, Appendix II.

Contractors' Conflict of Interest

Designers, suppliers, and contractors that assist in the development or drafting of specifications, requirements, statements of work, invitation for bids or requests for proposals shall be excluded from competing for such requirements.

Approval and Modification

The administrative procedures contained in this Policy are administrative and may be changed as necessary at the staff level to comply with state and federal law.

GENERAL PROCUREMENT STANDARDS AND PROCEDURES

Either the Purchasing Department or the Requesting Department shall procure all contracts in accordance with the requirements of this Section of the Policy.

Necessity

Purchases must be necessary to perform the scope of work and must avoid acquisition of unnecessary or duplicative items. The Purchasing Department and/or the Requesting Department should check with the federal surplus property agency prior to buying new items when feasible and less expensive. Strategic sourcing should be considered with other departments and/or agencies who have similar needs to consolidate procurements and services to obtain better pricing.

Clear Specifications

All solicitations must incorporate a clear and accurate description of the technical requirements for the materials, products, or services to be procured, and shall include all other requirements which bidders must fulfill and all other factors to be used in evaluating bids or proposals. Technical requirements must not contain features that restrict competition.

Notice of Federal Funding

All bid solicitations must acknowledge the use of federal funding for the contract. In addition, all prospective bidders or offerors must acknowledge that funding is contingent upon compliance with all terms and conditions of the funding award.

Compliance by Contractors

All solicitations shall inform prospective contractors that they must comply with all applicable federal laws, regulations, executive orders, and terms and conditions of the funding award.

Fixed Price

Solicitations must state that bidders shall submit bids on a fixed price basis and that the contract shall be awarded on this basis unless otherwise provided for in this Policy. Cost plus percentage of cost contracts are prohibited. Time and materials contracts are prohibited in most circumstances. Time and materials contracts will not be used unless no other form of contract is suitable and the contract includes a "Not to Exceed" amount. A time and materials contract shall not be awarded without express written permission of the federal agency or state pass-through agency that awarded the funds.

Use of Brand Names

When possible, performance or functional specifications are preferred to allow for more competition leaving the determination of how to reach the required result to the contractor. Brand names may be used only when it is impractical or uneconomical to write a clear and accurate description of the requirement(s). When a brand name is listed, it is used as reference only and “or equal” must be included in the description.

Lease versus Purchase

Under certain circumstances, it may be necessary to perform an analysis of lease versus purchase alternatives to determine the most economical approach.

Dividing Contract for M/WBE Participation

If economically feasible, procurements may be divided into smaller components to allow maximum participation of small and minority businesses and women business enterprises. The procurement cannot be divided to bring the cost under bid thresholds or to evade any requirements under this Policy.

Documentation

Documentation must be maintained by the Purchasing Department and/or the Requesting Department detailing the history of all procurements. The documentation should include the procurement method used, contract type, basis for contractor selection, price, sources solicited, public notices, cost analysis, bid documents, addenda, amendments, contractor’s responsiveness, notice of award, copies of notices to unsuccessful bidders or offerors, record of protests or disputes, bond documents, notice to proceed, purchase order, and contract. All documentation relating to the award of any contract must be made available to the granting agency upon request.

Cost Estimate

For all procurements costing \$250,000 or more, the Purchasing Department and/or Requesting Department shall develop an estimate of the cost of the procurement prior to soliciting bids. Cost estimates may be developed by reviewing prior contract costs, online review of similar products or services, or other means by which a good faith cost estimate may be obtained. Cost estimates for construction and repair contracts may be developed by the project designer.

Contract Requirements

The Requesting Department must prepare a written contract incorporating the provisions referenced in Section II.C of this Policy.

Debarment

No contract shall be awarded to a contractor included on the federally debarred bidder’s list.

Contractor Oversight

The Requesting Department receiving the federal funding must maintain oversight of the contract to ensure that contractor is performing in accordance with the contract terms, conditions, and specifications.

Open Competition

Solicitations shall be prepared in a way to be fair and provide open competition. The procurement process shall not restrict competition by imposing unreasonable requirements on bidders, including but not limited to unnecessary supplier experience, excessive or unnecessary bonding, specifying a brand name without allowing for “or equal” products, or other unnecessary requirements that have the effect of restricting competition.

Geographic Preference

No contract shall be awarded on the basis of a geographic preference.

Prequalified Lists

Construction or repair projects may be subject to prequalification in accordance with policy 9115, Prequalification of Bidders for Construction Projects, only if there are enough qualified sources to ensure maximum open and free competition. Potential bidders will be permitted to prequalify during the solicitation process.

SPECIFIC PROCUREMENT PROCEDURES

Either the Purchasing Department or the Requesting Department shall solicit bids in accordance with the requirements under this Section of the Policy based on the type and cost of the contract.

Micro-Purchases

Service Contracts (except for A/E professional services), **Purchase Contracts and Construction and Repair Contracts costing less than \$10,000** shall be procured using the Uniform Guidance “micro-purchase” procedure (2 C.F.R. § 200.320(a)) as follows:

- The contract may be awarded without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.
- To the extent practicable, purchases must be distributed among qualified suppliers.

Small Purchase Procedure

Service Contracts (except for A/E professional services), **Purchase Contracts costing \$10,000 up to \$90,000** and **Construction and repair contracts costing \$10,000 up to \$250,000** shall be procured using the Uniform Guidance “small purchase” procedure (2 C.F.R. § 200.320(b)) as follows:

- Obtain price or rate quotes from an “adequate number” of qualified sources (a federal grantor agency might issue guidance interpreting “adequate number,” so the Requesting Department should review the terms and conditions of the grant award documents to confirm whether specific guidance has been issued).
- Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
- Cost or price analysis is not required prior to soliciting bids. Although for construction and repair, price estimates may be provided by the project designer.
- Award the contract on a fixed-price basis (a not-to-exceed basis is permissible for service or construction and repair contracts where obtaining a fixed price is not feasible).
- Award the contract to the lowest responsive, responsible bidder. Governing board approval is not required.

Sealed Formal Bids

- A. **Service Contracts** (except for A/E professional services) **and Purchase Contracts costing \$90,000 and above** shall be procured using a combination of the most restrictive requirements of the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) and state formal bidding procedures (G.S. 143-129) as follows:
1. Cost or price analysis is required prior to soliciting bids.
 2. Complete specifications or purchase description must be made available to all bidders.
 3. The bid must be formally advertised in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”
 4. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as required under 2 C.F.R. § 200.321.
 5. Open bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received in order to open all bids.
 6. Award the contract to the lowest responsive, responsible bidder on a fixed-price basis. Governing board approval is required for purchase contracts unless the governing board has delegated award authority to an individual official or employee. Any and all bids may be rejected only for “sound documented reasons.”
- B. **Service Contracts** (except for A/E professional services) **costing \$250,000 and above** may be procured using the Uniform Guidance “competitive proposal” procedure (2 C.F.R. § 200.320(d)) when the “sealed bid” procedure is not appropriate for the particular type of service being sought. The procedures are as follows:
1. A Request for Proposals (RFP) must be publicly advertised. Formal advertisement in a newspaper is not required so long as the method of advertisement will solicit proposals from an “adequate number” of qualified firms.
 2. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
 3. Identify evaluation criteria and relative importance of each criteria (criteria weight) in the RFP.
 4. Consider all responses to the publicized RFP to the maximum extent practical.
 5. Must have a written method for conducting technical evaluations of proposals and selecting the winning firm.
 6. Award the contract to the responsible firm with most advantageous proposal taking into account price and other factors identified in the RFP. Governing board approval is not required.
 7. Award the contract on a fixed-price or cost-reimbursement basis.

C. **Construction and repair contracts costing \$250,000 up to \$500,000** shall be procured using the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) as follows:

1. Cost or price analysis is required prior to soliciting bids (this cost estimate may be provided by the project designer).
2. Complete specifications must be made available to all bidders.
3. Publicly advertise the bid solicitation for a period of time sufficient to give bidders notice of opportunity to submit bids (formal advertisement in a newspaper is not required so long as other means of advertising will provide sufficient notice of the opportunity to bid). The advertisement must state the date, time, and location of the public bid opening, and indicate where specifications may be obtained.
4. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
5. Open the bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received in order to open all bids.
6. A 5% bid bond is required of all bidders. Performance and payment bonds of 100% of the contract price is required of the winning bidder.
7. Award the contract on a firm fixed-price basis.
8. Award the contract to the lowest responsive, responsible bidder. Governing board approval is not required. Any and all bids may be rejected only for “sound documented reasons.”

D. **Construction and repair contracts costing \$500,000 and above** shall be procured using a combination of the most restrictive requirements of the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) and state formal bidding procedures (G.S. 143-129) as follows:

1. Cost or price analysis is required prior to soliciting bids (this cost estimate should be provided by the project designer).
2. Complete specifications must be made available to all bidders.
3. Formally advertise the bid in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”
4. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
5. Open the bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed and in paper form. A minimum of 3 bids must be received in order to open all bids.
6. A 5% bid bond is required of all bidders (a bid that does not include a bid bond cannot be counted toward the 3-bid minimum requirement). Performance and payment bonds of 100% of the contract price is required of the winning bidder.
7. Award the contract on a firm fixed-price basis.

8. Award the contract to the lowest responsive, responsible bidder. Governing board approval is required and cannot be delegated. The governing board may reject and all bids only for “sound documented reasons.”
- E. **Construction or repair contracts involving a building costing \$300,000 and above** must comply with the following additional requirements under state law:
1. Formal HUB (historically underutilized business) participation required under G.S. 143-128.2, including local government outreach efforts and bidder good faith efforts, shall apply.
 2. Separate specifications shall be drawn for the HVAC, electrical, plumbing, and general construction work as required under G.S. 143-128(a).
 3. The project shall be bid using a statutorily authorized bidding method (separate-prime, single-prime, or dual bidding) as required under G.S. 143-129(a1).
- F. **Contracts for Architectural and Engineering Services costing under \$250,000** shall be procured using the state “Mini-Brooks Act” requirements (G.S. 143-64.31) as follows:
1. Issue a Request for Qualifications (RFQ) to solicit qualifications from qualified firms (formal advertisement in a newspaper is not required). Price (other than unit cost) shall not be solicited in the RFQ.
 2. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided for under 2 C.F.R. § 200.321.
 3. Evaluate the qualifications of respondents based on the evaluation criteria developed by the Purchasing Department and/or Requesting Department.
 4. Rank respondents based on qualifications and select the best qualified firm. Price cannot be a factor in the evaluation. Preference may be given to in-state (but not local) firms.
 5. Negotiate fair and reasonable compensation with the best qualified firm. If negotiations are not successfully, repeat negotiations with the second-best qualified firm.
 6. Award the contract to best qualified firm with whom fair and reasonable compensation has been successfully negotiated. Governing board approval is not required.
- G. **Contracts for Architectural and Engineering Services costing \$250,000 or more** shall be procured using the Uniform Guidance “competitive proposal” procedure (2 C.F.R. § 200.320(d)(5)) as follows:
1. Publicly advertise a Request for Qualifications (RFQ) to solicit qualifications from qualified firms (formal advertisement in a newspaper is not required). Price (other than unit cost) shall not be solicited in the RFQ.
 2. Take affirmative steps to solicit price quotes from M/WBE vendors and suppliers as provided under 2 C.F.R. § 200.321.
 3. Identify the evaluation criteria and relative importance of each criteria (the criteria weight) in the RFQ.

4. Proposals must be solicited from an “adequate number of qualified sources” (an individual federal grantor agency may issue guidance interpreting “adequate number”).
5. Must have a written method for conducting technical evaluations of proposals and selecting the best qualified firm.
6. Consider all responses to the publicized RFQ to the maximum extent practical.
7. Evaluate qualifications of respondents to rank respondents and select the most qualified firm. Preference may be given to in-state (but not local) firms provided that granting the preference leaves an appropriate number of qualified firms to compete for the contract given the nature and size of the project.
8. Price cannot be a factor in the initial selection of the most qualified firm.
9. Once the most qualified firm is selected, negotiate fair and reasonable compensation. If negotiations are not successfully, repeat negotiations with the second-best qualified firm.
10. Award the contract to best qualified firm with whom fair and reasonable compensation has been successfully negotiated. Governing board approval is not required.

EXCEPTIONS

Non-competitive contracts are allowed *only* under the following conditions and with the written approval of the federal agency or state pass-through agency that awarded the federal funds:

Sole Source

A contract may be awarded without competitive bidding when the item is available from only one source. The Purchasing Department and/or Requesting Department shall document the justification for and lack of available competition for the item. A sole source contract must be approved by the governing board.

Public Exigency

A contract may be awarded without competitive bidding when there is a public exigency. A public exigency exists when there is an imminent or actual threat to public health, safety, and welfare, and the need for the item will not permit the delay resulting from a competitive bidding.

Inadequate Competition

A contract may be awarded without competitive bidding when competition is determined to be inadequate after attempts to solicit bids from a number of sources as required under this Policy does not result in a qualified winning bidder.

Federal Contract

A contract may be awarded without competitive bidding when the purchase is made from a federal contract available on the U.S. General Services Administration schedules of contracts.

Awarding Agency Approval

A contract may be awarded without competitive bidding with the express written authorization of the federal agency or state pass-through agency that awarded the federal funds so long as awarding the contract without competition is consistent with state law.