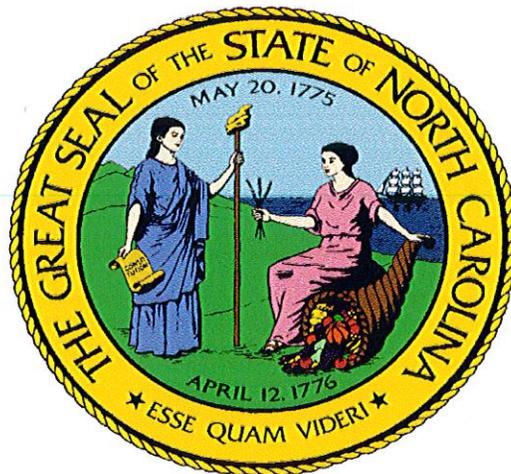


**NORTH CAROLINA DEPARTMENT OF ADMINISTRATION**

# **POLICIES AND PROCEDURES**

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## **PURCHASING AUTHORITY AND LIMITS**





033. **INTRODUCTION**

It is the policy of the Department of Administration (DOA) to conduct all business activities relating to the commitment of resources, purchase and payment of goods and services in accordance with all applicable laws, rules, regulations and business standards. North Carolina General Statute 14-234 states, in part "*No public officer or employee may solicit or receive any gift, reward, or promise of reward in exchange for recommending, influencing, or attempting to influence the award of a contract by the public agency he or she serves.*" Applicable employees within the DOA shall strictly abide by this General Statute.

034. **PURPOSE**

Establish a Purchasing Authority and Limits authorization policy for the Department. This will ensure effectiveness of internal controls and provide reasonable assurance that Department transactions are properly authorized and assets are safeguarded against unauthorized or improper use.

035. **POLICY OBJECTIVES**

It is necessary that all disbursements of funds by the Chief Fiscal Officer (CFO) be approved as proper and necessary expenses of DOA. The signature documenting approvals may appear on invoices, delivery receipts, purchase requisitions, etc. A full signature is required. Signatures on documents authorizing expenditures must be legal or typed names with handwritten initials.

As with all procurement responsibilities, Purchasing Officers, Purchasing Agents, Approvers and Requisitioners are expected to make purchases using good judgment, and acting in accordance with all rules, policies, codes, North Carolina General Statutes, and procedures that govern public purchasing practices.

036. **AUTHORIZED APPROVERS AND LIMITS**

All contracts, letters of agreement, grants, lease, etc. that obligate department funds are to be signed by the Secretary unless specific authority to sign has been delegated in writing by the Secretary.

037. **METHODS OF PURCHASING**

Purchasing of commodities and services for divisions are obtained by three (3) distinct methods:

- 1) **Purchase Order** – A purchaser order is the written legal document issued by the Purchasing Department that serves as the instrument to obtain commodities and services from authorized supply sources. Purchase Order stipulates shipment of goods, at a specific quantity and price to the Facility/Section requesting them.
- 2) **P-Cards** – The P-Card shall be used by the cardholder to make purchases as necessary for the items costing \$2,500 or less. The P-card does not supersede State Purchasing and contract rules that are already in place. Items on State Contract must still be purchased from the contract vendor. ***Under no circumstances shall a purchase be separated into smaller parts to circumvent the \$2,500 limits.***

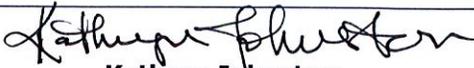
- 3) **Direct Payment Purchase** – Direct purchase can be defined as a purchase not made either by P-Card or creating a Purchase Order. This could include services paid, such as utility bills or memberships, which cannot be purchased on the open market. Consult you Manager before using this form of purchase.

038. **PURCHASING LIMITS**

It is the general policy of DOA to solicit competitive prices for commodities and services to ensure the best price while at the same time obtaining a quality product. The DOA Purchasing Officer has delegated authority to directly procure items covered by term contracts and commodities and services not covered by term contract for the amounts as stipulated by the Purchasing and Contract policy number 01 NCAC 05B.160.

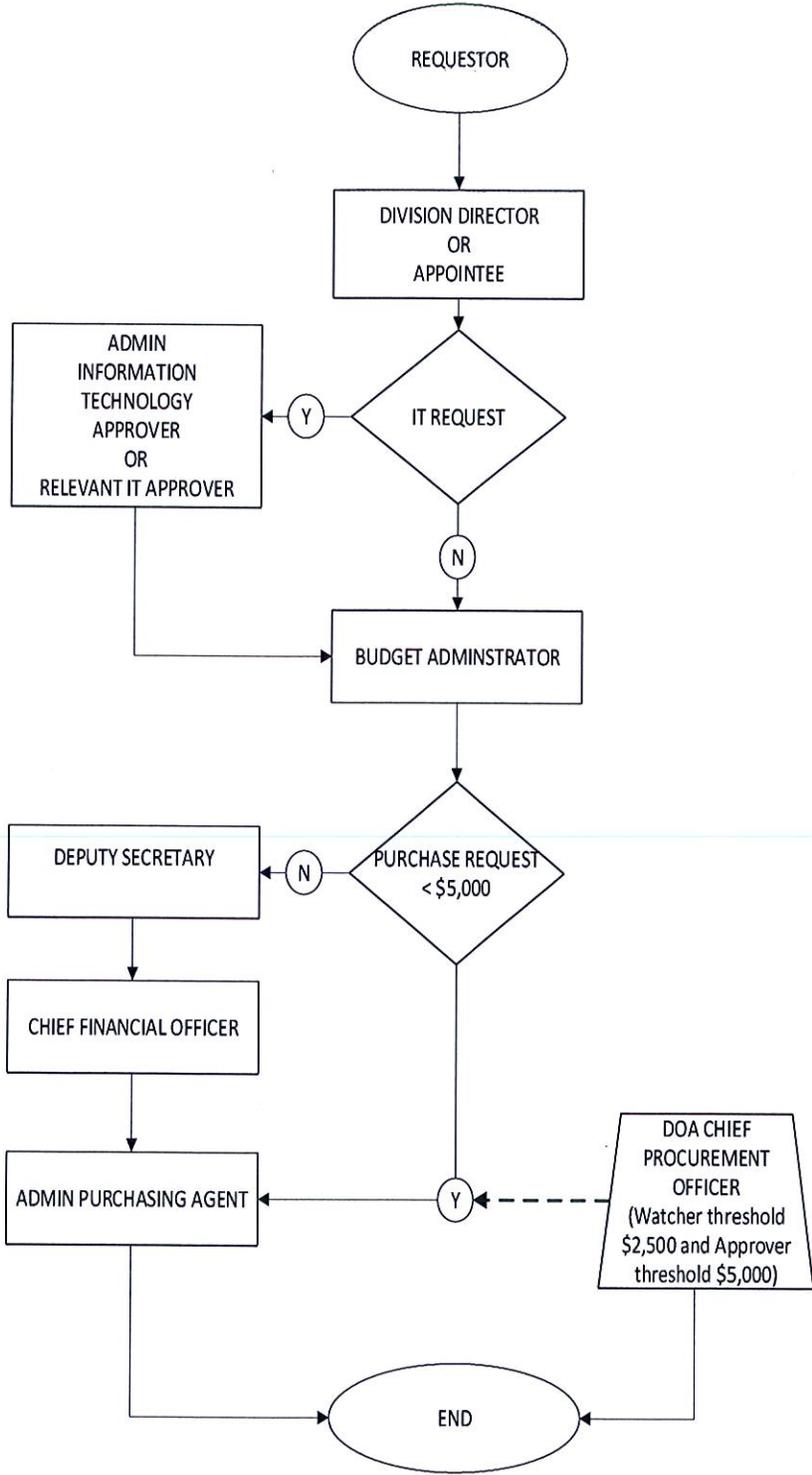
039. **Open Market/Non Contract Item (Small Purchase – Range of \$2,500 or less)**: A 'small purchase' is an expenditure of public funds of \$2,500 or less for the commodities or services (including freight and shipping, if applicable provided budgeted funds are available). One (1) informal vendor quote and issuance of purchase order (PO) is required for purchase transactions within this price range. Use of Purchase Card (P-Card) could be authorized under some circumstances.
040. **Open Market/Non Contract Item (Range of \$2,500.01 - \$5,000)**: Purchase of commodities and services not covered by an existing statewide term contract. Purchases within this dollar range require the issuance of a purchase order. A minimum of three (3) informal "quotes or E-quotes", showing 'good faith effort' to seek competition is required for purchased transactions within this price range. These proposed purchases must be provided to the Department of Administration's Office of Fiscal Management for processing.
041. **Open Market/Non Contract Item (Range of \$5,000.01 - \$10,000)**: Proposed purchases/services of \$5000.01 - \$10,000 are required to obtain three (3) informal quotes but must be on State form to include Terms and Conditions. These proposed purchases must be provided to the Department of Administration Office of Fiscal Management for processing.
042. **Open Market/Non Contract Item (Range of \$10,000.01 - \$25,000)**: Proposed purchases/services of \$10,000.01 - \$25,000 are required to obtain competitive bids using Interactive Purchasing System (IPS). These proposed purchases must be provided to the Department of Administration Office of Fiscal Management for processing.
043. **Open Market/Non Contract Item (\$25,000.01 and above)**: Proposed purchases/services of \$25,000.01 and above are required to be approved by Purchasing and Contract (P&C). These proposed purchases must be provided to the Department of Administration Office of Fiscal Management for processing.
044. **E-Procurement Workflow**  
The approval flow in E-Procurement includes, at a minimum, the following "Approvers":
- Director (or designated authority) of the person submitting the requisition
  - Budget Officer
  - Purchasing

The system may automatically add other approvers such as an "IT Approver" or "Chief Procurement Officer" based on certain commodity codes or dollar thresholds. The Department/Division may also manually add additional approvers or watchers (informational purposes only) as needed. In the interest of ensuring efficiency, the workflow in e-procurement should follow the process noted below:

<b>Approved by the Secretary of Department of Administration:</b>	 <b>Kathryn Johnston</b>
<b>Approval Date:</b>	<b>Version : FA – 033-044 (V.1) – 07/01/2016</b>
<b>Revision Date:</b>	

**THIS POLICY SUPERSEDES ALL PREVIOUS PURCHASING AUTHORIZATION AND LIMIT POLICIES**

**DEPARTMENT OF ADMINISTRATION  
PURCHASING PROCESS**



**DEPARTMENT OF ADMINISTRATION  
PURCHASING PROCESS  
FOR  
ETHICS, OSHR, ELECTIONS, LT. GOV., & NCDMVA**

