

Procurement Manual

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NORTH CAROLINA OFFICE OF RECOVERY AND RESILIENCY

Contents

I. INTRODUCTION	4
A. NC STATUTORY AUTHORITY, ADMINISTRATIVE CODE AND POLICY	4
B. COMPETITION	5
C. INTEGRITY	5
D. ETHICS	5
E. OBJECTIVES	6
F. RESPONSIBILITY	6
II. GLOSSARY	7
A. DEFINITIONS	7
B. ABBREVIATIONS AND INTERCHANGEABLE TERMS	8
III. DELEGATIONS	8
A. GENERAL DELEGATION	8
B. DOCUMENTATION FOR SPECIAL DELEGATION	9
IV. PURCHASING PRIORITIES	9
A. CORRECTION ENTERPRISES	9
B. TERM CONTRACTS	9
C. HISTORICALLY UNDERUTILIZED BUSINESSES (HUB)	9
D. NONPROFIT WORK CENTERS FOR THE BLIND AND THE SEVERELY DISABLED	10
V. PURCHASING THRESHOLDS	11
A. OPEN MARKET PURCHASES	11
1) <i>Small Purchases</i>	11
2) <i>Purchases over \$25,000</i>	11
a) <i>Commodities</i>	12
b) <i>Services</i>	13
B. TERM CONTRACTS	13
1) <i>Agency Specific</i>	13
2) <i>Statewide Term Contracts</i>	13
VI. WAIVER AND EMERGENCY PURCHASES	14
A. WAIVER OF COMPETITION	14
B. EMERGENCIES AND PRESSING NEEDS	15
C. NCORR PROCESS FOR EMERGENCY OR PRESSING NEED	15
VII. EVALUATION	16
BEST VALUE METHOD (USED FOR SERVICES)	16
VIII. MISCELLANEOUS	19
A. SUBRECIPIENT PROCUREMENT	19
B. MONITORING OF CONTRACTS	20
C. FEDERAL CERTIFICATIONS	20
D. FUNDING	20
1) COST PRINCIPLES ANALYSIS AND BUDGET CERTIFICATION	20
2) CONDITIONAL GRANTS, ETC., IN PUBLIC PURCHASING	20
E. CONSTRUCTION	20
F. TIME AND MATERIALS	21
G. COST-PLUS	21
H. DEFAULT / DEBARRED VENDORS	21
IX. PROCUREMENT TASK OVERVIEW	21

X. 2 C.F.R. § 200.327; 2 C.F.R. PT. 200, APP. II.....23
A. INCLUDE ALL APPLICABLE CONTRACT PROVISIONS:.....23
B. ADDITIONAL PROVISIONS OFTEN REQUIRED: 1

I. INTRODUCTION

A. NC STATUTORY AUTHORITY, ADMINISTRATIVE CODE AND POLICY

This manual is intended to provide the basic laws, rules, policies and procedures that must be followed in carrying out the responsibilities of a Purchaser in the Department of Public Safety (DPS), Office of Recovery and Resiliency Section (NCORR). It applies to the acquisition of all equipment, materials, supplies, and services. NCORR will follow the procurement rules established by state statutory law (N.C. General Statute. Chapter 143, Article 3, 3C, 3D, 3G, 8) and regulatory law (01 N.C. Admin. Code Chapter 05 for non-IT procurements) and Article 3D, Chapter 147 Chapter 6 for IT procurements), as amended by any general or special delegations of contracting authority from the North Carolina Department of Administration, along with the Department of Public Safety, Division of Purchasing and Logistics purchasing manual.

This manual is not all-encompassing of the laws, rules, and policies on procurement. In addition to this manual, both Department of Information Technology (DIT) and Department of Administration, Division of Purchase and Contract (P&C) provide on its websites additional resources needed by a Purchaser to ensure compliance with all purchasing requirements in conducting their day to day purchasing activities.

All non-IT requirements must be purchased in accordance with [Article 3 and 3C of Chapter 143](#) of the General Statutes and the rules ([1 NCAC Chapter 5](#)) adopted by the Division of Purchase and Contract (P&C) of the Department of Administration.

All IT requirements must be purchased in accordance with [Article 3D of Chapter 147](#) of the General Statutes and the rules [09 NCAC 06A .0101](#) adopted by DIT.

If the Department contracts for the purchase or lease of any commodities or services contrary to statutes, or North Carolina Administrative Code (NCAC), such contract shall be void and of no effect. It is the responsibility of NCORR personnel involved in the procurement process to ensure that contracts are established in accordance with all applicable laws, rules, policies and procedures. NCORR personnel involved in the purchasing process will be held accountable for unauthorized purchases and improper purchasing practices.

Pursuant to 81 Fed. Reg. 83254, Sec. VI.A.1.a.(2) (Nov. 21, 2016), 84 Fed. Reg. 45869, Sec. VI.1 (Aug. 30, 2019), 84 Fed. Reg. 45838 (August 30, 2019), 85 Fed. Reg. 4686, Sec IV.B.1 (Jan. 27, 2020), 87 Fed. Reg. 31636 (May 24, 2022) NCORR certifies that it will follow the State of North Carolina's rules and procedures for any procurement funded by CDBG-DR and CDBG-MIT grants. Where State law is silent, the federal laws and rules apply. All subrecipients of CDBG-DR and CDBG-MIT grant funds must follow 2 CFR 200.318-327 as a subrecipient would not be a state grantee.

Equivalence to 2 CFR §§ 200.318 through 200.327

The Federal Register Notice governing NCORR's use of CDBG-DR funding requires that "the effect of the grantee's procurement process/standards are equivalent to the effect of procurements under 2 CFR 200.318 through 200.327, meaning that the process/standards, while not identical, operate in a manner

that provides for full and open competition.”¹ HUD’s *P.L. 114-223 and 114-254 Certification Checklist and Addendum, P.L. 116-20 and 115-254 Financial Management and Grant Compliance Certification Checklist and Addendums, and P.L. 115-123 Financial Management and Grant Compliance Certification Checklist and Addendums* further explains that when conducting the equivalence analysis, HUD reviews the grantee’s procurement processes and standards, “taken as a whole,” to determine whether the effect for full and open competition is the same as that of 2 CFR part 200, subpart D.

B. COMPETITION

NCORR’s purchasing program is built on the principle of fair and open competition. NCORR’s Purchasing Section is responsible for all aspects of purchasing commodities and services for NCORR, either directly or indirectly, consistent with NCORR’s delegated authority and all applicable state laws, rules, and policies.

Competition is the cornerstone around which public contracting is built. In its best form, it is a mirror of a free and open economy. Where it is required, but not sought, the reason must be valid and must be documented. All NCORR purchasing personnel must maintain an awareness of the need for and value of competition.

Contracts will be procured in a manner that ensures full and open competition and avoids measures that restrict competition, including:

- 1) Unreasonable requirements
- 2) Unnecessary experience and bonding requirements
- 3) Noncompetitive pricing between companies
- 4) Noncompetitive awards to consultants on retainer
- 5) Organizational conflicts of interest
- 6) Specifying only brand name without permitting equal products
- 7) Arbitrary actions

C. INTEGRITY

Fairness and impartiality in all phases of the procurement process by requestors and NCORR purchasing personnel is an essential ingredient in public procurement. Dealings with vendors and peers must be open, honest, and objective.

D. ETHICS

It is imperative that all NCORR purchasing personnel be entirely cognizant of the necessity for ethical behavior. [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

¹ 81 Fed. Reg. 83256, Sec. VI.A.1.a.(2) (Nov. 21, 2016)

attempting to influence the award of a contract by the public agency he or she serves.” A violation of this statute is punishable as a Class 1 misdemeanor.

[North Carolina General Statute 133-32](#) and [Executive Order 24](#) prohibit the offer to, or acceptance by, any State Employee of any gift from anyone with a contract with the State, or from any person seeking to do business with the State. A violation of this statute is punishable as a Class 1 misdemeanor.

[North Carolina General Statute 14-234](#) prohibits all public officers and their spouses from receiving a direct financial benefit under a contract with which they are involved in making or administering. A violation of this statute is punishable as a Class 1 misdemeanor.

[North Carolina General Statute 14-234.1](#) prohibits public officials and employees from using confidential (non-public) information for personal pecuniary gain or to assist another in securing a pecuniary gain. A violation of this statute is punishable as a Class 1 misdemeanor.

Employees within the Department of Public Safety and NCORR shall strictly abide by these General Statutes and Executive Order.

E. OBJECTIVES

This NCORR Purchasing Manual is to provide guidance and uniform procedures for the efficient and cost-effective purchase of goods and services for the Department of Public Safety, Office of Recovery and Resiliency. Additionally, this document is intended to:

- 1) Ensure reliable accountability and protection of funds and that an adequate audit trail of all transactions is maintained.
- 2) Promote the use of [Historically Underutilized Businesses \(HUB\)](#) when making procurements for the Department and promote opportunities for all citizens without regard to race, gender, or handicap.
- 3) Promote fair and open competition.

F. RESPONSIBILITY

All NCORR Purchasers shall be responsible for handling each and every requirement in accordance with all laws, rules, policies, and this manual. In addition, each Purchaser shall:

- 1) Safeguard against conflicts of interest, or the appearance of a conflict of interest, and refrain from accepting gifts and favors from vendors or contractors doing business or seeking to do business with the State.
- 2) Monitor purchases to guard against splitting orders in an attempt to avoid competition requirements. This includes monthly and quarterly (scheduled buying) purchases.
- 3) Conduct him/herself in a professional manner at all times and maintain an effective businesslike relationship with DPS users, coworkers, vendors, and others that the Purchaser may have contact with in the course of carrying out his or her assigned duties.

II. GLOSSARY

A. DEFINITIONS

In addition to the definitions given by DIT and P&C, the following definitions are provided:

AGENCY SPECIFIC TERM CONTRACT: A Term Contract just for DPS.

CONSULTANT CONTRACTS: Work or task performed by State employees or independent contractors possessing specialized knowledge, experience, expertise and professional qualifications to investigate assigned problems or projects and to provide counsel, review, analysis or advice in formulating or implementing improvements in programs or services. This includes, but is not limited to, the organization, planning, directing, control, evaluation and operation of a program, agency, or department.

CONSTRUCTION CONTRACTS: A contract for construction, renovation, or repair of houses.

Every agency shall review the items being included in a construction/renovation project and remove from the scope of the construction procurement any items that they consider are non-related to the actual construction/renovation. Items that are considered commodities, or just furnishings, to complete the project for use by the agency, shall be handled by P&C in accordance with the normal purchasing rules.

Items that are usually removed from construction/renovation projects include carpet, office panel systems, foodservice equipment, and furniture. If an agency determines that one of these items, or any item that is normally handled as a commodity purchase, is best suited for inclusion in the construction/renovation project, their justification shall be documented in writing for public record.

CONTRACTUAL SERVICE: When an independent contractor performs services requiring specialized knowledge, experience, expertise or similar capabilities for the Department. The services may include (by way of illustration, not limitation) services such as, maintenance of buildings or equipment, auditing, film production, employee training and food service, provided that the service is not primarily for review, analysis or advice in formulating or implementing improvements in programs or services (in which case rules relating to Consultant Contracts shall be applicable).

DELEGATIONS:

- **General Delegation:** The authority granted by P&C or DIT to the Department to handle purchases of \$25,000 or less. The authority granted to DPS by P&C is \$50,000 or less.
- **Special Delegation:** The authority granted by P&C or DIT to the Department to handle a specific or special purchase, when the purchase price is over \$25,000. (Examples include, but not limited to, medical services, food, non-construction related repairs, etc.).

DEPARTMENT: Department of Public Safety.

OPEN MARKET BIDS: Generally, a one-time purchase of a commodity or service not covered by a term contract.

PUBLIC FUNDS: All public funds irrespective of source, whether special, federal, local, gifts, bequests, receipts, fees, or State appropriated, used for the purchase, rental, lease, installment purchase and lease/purchase of commodities, printing and services shall be handled under the provisions this manual. Exception to this requirement may be determined in the Grantor's or Donor's terms and conditions included in the grant or donation.

REAL PROPERTY: Any property that is attached directly to land, as well as the land itself. Real property not only includes buildings and other structures, but also rights and interests. Real property can be either rental or residential.

RESPONSIBLE BIDDER: An offeror who has the capability in all respects to perform fully the contract requirements, and the integrity and reliability to assure good faith performance.

RESPONSIVE BIDDER: An offeror who has submitted an offer which conforms in all material respects to the solicitation document.

STATEWIDE TERM CONTRACT: A Term Contract for all agencies handled by P&C or DIT. If designated as a convenience type contract, it is not mandatory to use.

TERM CONTRACT: A contract generally intended to cover all normal requirements for a commodity or service for a specified period of time based only on estimated quantities or needed services.

B. ABBREVIATIONS AND INTERCHANGEABLE TERMS

- Department (Department of Public Safety)
- DPS (Department of Public Safety)
- DPS Purchasing (DPS Departmental Purchasing and Logistics)
- HUB (Historically Underutilized Business)
- IFB (Invitation for Bids)
- IPS (Interactive Purchasing System)
- DIT (Department of Information Technology)
- NCORR (North Carolina Office of Recovery and Resiliency)
- P&C (Purchase & Contract Division, Department of Administration)
- OSC (Office of State Controller)
- RFQ (Request for Quotes)
- RFP (Request for Proposals)
- Secretary (Secretary of the Department of Public Safety)
- SPO (State Purchasing Officer)

III. DELEGATIONS

A. GENERAL DELEGATION

The Department's general delegation from DIT for purchases of \$25,000 or less, that are not covered by Statewide Term contracts. The rules require advertisement, when using the competitive bidding

procedure, for purchases of \$25,000 or more for non-IT procurement and \$25,000 or more for IT procurements.

B. DOCUMENTATION FOR SPECIAL DELEGATION

By special delegation, the SPO may authorize an agency to purchase specific commodities, printing, or contractual services without limitation as to the expenditure. Such delegation is normally confined, but not limited, to items and quantities, or services which by their nature or circumstance, such as perishability, transportation costs, local conditions or local availability, would serve no practical purpose to be handled by P&C. Any request for special delegation must be sent and handled through DPS Purchasing and Logistics office.

On May 24, 2019, the Department of Public Safety, NCORR office was granted a special delegation from the State Purchasing Officer. This was per 01 NCAC 05B.1603 of the Administrative Code. The special delegation allows NCORR to “solicit procurements, related to NCORR disaster recovery and resiliency function only, without limitation on contract price or source of funds.” Solicitations must still comply with State law, and any solicitation not related to NCORR disaster recovery and resiliency function are subject to the general delegation.

IV. PURCHASING PRIORITIES

A. CORRECTION ENTERPRISES

In accordance with [North Carolina General Statute 148-134](#) all departments, institutions and agencies of this State shall give preference to Department of Correction products.

Any item or service that is available from Correction Enterprises should be ordered from that agency or justification must be provided to DPS Purchasing and Logistics.

If Correction Enterprises cannot honor the order within the delivery time needed, then the requirement is to be handled following the purchasing procedures specified in this manual.

B. TERM CONTRACTS

All items or services covered by a term contract, both Statewide and Agency Specific, must be ordered from the contractors listed for the specific term contract.

Exceptions to this requirement are: 1) a convenience type contract; 2) item is available from a DPS warehouse; or 3) item or service is available from Correction Enterprises. Statewide term contracts are handled by P&C or DIT, whichever is applicable. P&C and DIT also handle DPS Agency Specific Term Contracts that exceed DPS’s general delegation and are not subject to a special delegation. DPS Purchasing and Logistics office handles Agency Specific Term Contracts for DPS that are under its delegation.

C. HISTORICALLY UNDERUTILIZED BUSINESSES (HUB)

The Office for Historically Underutilized Businesses (located in the Department of Administration), generally known as the [HUB Office](#) is committed to advocating for minority, women and disabled-owned businesses in their efforts to conduct business with the State of North Carolina.

To qualify as a HUB, a business must be owned and controlled by one or more citizens or lawful permanent residents of the United States who are members of one or more of the following groups: (1) Black, (2) Hispanic, (3) Asian American, (4) American Indian, (5) Female, (6) Disabled, (7) Disadvantaged.

HUB Office staff are available to assist firms with becoming certified as historically underutilized businesses. In addition, the HUB Office provides outreach, training and networking opportunities for new and established HUB firms.

The HUB Office website provides access to their programs and core services, HUB vendor/firm database, upcoming bids with various state agencies and public entities, HUB Annual Reports, HUBSCO Construction Reporting System, the latest news and calendar information for training and conference sessions.

Purchasers are to promote the use of Historically Underutilized Businesses (HUB), as well as North Carolina companies, when making procurements for NCORR under the advertising requirement.

To ensure broad solicitation of HUB vendors and contractors in NCORR procurements, all contracts costing \$25,000 or more shall be advertised by the DPS HUB Liaison Manager. For all contracts in excess of \$25,000 where prime contractors will utilize subcontractors, prime contractors shall include in their bid proposals a statement verifying their efforts to solicit quotes from HUB subcontractors

D. NONPROFIT WORK CENTERS FOR THE BLIND AND THE SEVERELY DISABLED

NCORR Purchasing may purchase goods and services that are not IT related directly from a nonprofit work center for the blind and severely disabled as long as:

- 1) The purchase of goods does not exceed \$25,000 (no limit on services).
- 2) The goods or services are not available from Correction Enterprises.
- 3) The goods or services are not available under a term contract.
- 4) The goods or services are of suitable price and quality, as determined by DPS Purchasing.

Competition is not required when making a purchase from a nonprofit work center for the blind and severely disabled. Nonprofit work centers for the blind and severely disabled may still submit offers for contracts handled competitively.

V. PURCHASING THRESHOLDS

A. OPEN MARKET PURCHASES

1) Small Purchases

A small purchase is defined as the purchase of commodities or services not covered by a term contract, or not available from Correction Enterprises involving an expenditure of public funds of twenty-five thousand dollars (\$25,000) or less.

If competition is obtained verbally, the NCORR Purchaser must maintain a record of the companies from which offers were solicited, the company representative's name, and the price offered. If offers are received in writing, the offers must be included with procurement file. Beware of written offers that contain unacceptable conflicting terms and conditions.

The purchase of commodities or services involving an expenditure of public funds exceeding twenty-five thousand dollars (\$25,000), via IFB, RFP, or RFQ by NCORR Purchasing Agents, unless it is:

- Covered by a term contract
- Available from Correction Enterprises
- Qualifies as a waiver

When requesting quotes, the NCORR Purchaser is encouraged to send solicitations to a minimum of three (3) or more vendors.

2) Purchases over \$25,000

For the purchase of non-IT commodities or services) involving an expenditure of public funds exceeding twenty-five thousand dollars (\$250,000), the competitive bidding procedure must be used and the solicitation must be advertised on the State's Interactive Purchasing System (IPS), unless it is 1) covered by a term contract, 2) available from Correction Enterprises or 3) qualifies as a waiver. IT commodities or services may be competitively bid via the E-Quote process up to \$25,000.00.

Purchasers shall:

- Use the appropriate solicitation document template from the standard DPS Purchasing templates (for IT, use templates from DIT's web site) to insure the most up-to-date language is used.
- Develop and include open and fair specifications/scope of work, delivery requirements, quantities, and award criteria.
- Post solicitation to be advertised on IPS and the E-Procurement Sourcing Tool and by the DPS HUB Liaison Manger.

- Conduct an impartial evaluation of all offers received.
- Make an award of contract in the best interest of NCORR and one that can withstand a protest, and within three (3) working days from the award of the contract. This award notice shall be posted for at least 30 consecutive calendar days and identify the contract and award information.

For the purchase of commodities or services relating to IT involving an expenditure of public funds exceeding twenty-five thousand dollars (\$25,000), the applicable competitive procurement procedure must be followed as outlined below and the request forwarded or DIT.

For any purchase related to NCORR'S disaster recovery procurements, NCORR is not required to submit a request to DOA while the special delegation is in effect. See Special Delegation from DOA in Section III. B. above.

(Note: The following does not necessarily apply to special delegations, exemptions, across-the-counter resale, waivers, or emergency and pressing need purchases.)

a) Commodities:

- Prepare a solicitation document and send it to P&C or DIT, as applicable, and include all relevant information (specifications, scope of work, delivery requirements, quantities, award criteria, Federally Funded Certifications, etc.) with the requisition.
- For non-IT procurements for NCORR under the special delegation, solicitation document is prepared by NCORR and posted on the Interactive Purchasing System.
- For IT, DIT normally allows DPS Purchasing the opportunity to review the offers received by them and submit a recommendation for award back to their office for them to award the contract (differences in recommendations are usually worked out through negotiations between DIT and DPS).
- Unnecessary or duplicative purchases: When procuring goods, NCORR shall ensure that those good are necessary and not duplicative of existing resources.
- Post the final solicitation on IPS and the HUB Office bid solicitation website for advertising.
- Lease versus purchase analysis: Where appropriate, when considering the purchase of goods, NCORR shall determine whether leasing in lieu of purchasing is the most economical approach.
- Procurement of Recovered Materials: NCORR, political subdivisions, and contractors shall comply with section 6002 of the Solid Waste Disposal Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247. For any condition where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; solid waste management services are procured in a manner that maximizes energy and resource recovery; and an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines is established.

b) Services:

- Prepare a Request for Proposals (RFP) or Invitation for Bid (IFB) using the appropriate DPS/NCORR Purchasing templates (for IT, use templates from DIT's web site) to ensure the most up-to-date language is used.
- Develop and include open and fair specifications/scope of work, delivery requirements, quantities, and award criteria. (At this point, if it is IT related, the requirement must be sent to DIT. They may handle the requirement or return it for handling by DPS Purchasing).
- Post the final solicitation on IPS and the HUB Office bid solicitation website for advertising.
- Conduct an impartial evaluation of all offers received.
- For IT, send the offers received and the recommendation for award to DIT, as applicable, along with your evaluation and justification for your recommendation. DIT has final decision as to which respondent will be awarded the contract, but DPS must officially award the contract. Differences in recommendations are usually worked out through negotiations between DIT and DPS.
- For non-IT, send recommendation for award to NCORR Procurement Director. Final approval shall be given by the NCORR Director or Director's designee.
- Make an award of contract in the best interest of the Department and one that can withstand a protest, and within three working days from the award of the contract, this information shall be posted on the IPS site. This award notice shall identify the contract and award information.

B. TERM CONTRACTS

1) Agency Specific

- a) Agency specific term contracts for DPS Sections are to be handled in accordance with the above thresholds.
- b) The awarding agency must seek prior approval, when exercising an extension or renewal option in a contract, regardless of value, if it was awarded by either DIT or P&C.

2) Statewide Term Contracts

- a) All Statewide Term contracts are handled by DIT or P&C.
- b) E-Procurement purchase orders that will be placed against a statewide term contract that exceed the abnormal quantity amount identified for that contract must have prior approval from DIT or P&C.

- c) If it is a convenience type contract (not mandatory), the Purchaser is responsible for determining if it is more advantageous to buy from the convenience contract or seek competition (see Thresholds).

C. INDEPENDENT COST ESTIMATES

An Independent Cost Estimate (ICE) will be performed by NCORR before receiving bids for procurements that are estimated to be above \$250,000. The ICE will generally be performed by purchasing and contracting staff, but assistance will be given by the NCORR business owner of the procurement and/or by legal staff. An ICE will not be performed on Statewide Term Contracts as the price was already negotiated and deemed reasonable by P&C or DIT purchasing office.

The ICE is a document that is meant to try and forecast the unit pricing of all aspects of the procurement. It is an analysis, when possible, of the most applicable current market rates and past contractual pricing and other bids received if of a procurement similar to those previously issued by NCORR. It is meant to estimate the unit prices, not the overall contract amount.

VI. WAIVER AND EMERGENCY PURCHASES

A. WAIVER OF COMPETITION

At times there will be a need to waive the competitive bidding procedure. The situations in which a waiver is possible are listed below:

- 1) Where competition is not available
- 2) Where a needed product or service is available from only one source of supply
- 3) Where emergency action is indicated
- 4) Where competition has been solicited but no satisfactory offers received
- 5) Where standardization or compatibility is the overriding consideration
- 6) Where a donation predicates the source of supply
- 7) Where personal or particular professional services are required
- 8) Where a particular medical product or service, or prosthetic appliance is needed
- 9) Where a product or service is needed for a person with disabilities and there are overriding considerations for its use
- 10) Where additional products or services are needed to complete an ongoing job or task
- 11) Where products are bought for 'across-the-counter' resale

- 12) Where a particular product or service is desired for educational, training, experimental, developmental or research work
- 13) Where equipment is already installed, connected and in service, and it is determined advantageous to purchase it
- 14) Where items are subject to rapid price fluctuation or immediate acceptance
- 15) Where there is evidence of resale price maintenance or other control of prices, lawful or unlawful, or collusion on the part of companies that thwarts normal competitive procedures
- 16) Where the amount of the purchase is too small to justify soliciting competition or where a purchase is being made and a price is available from a previous contract
- 17) Where the requirement is for an authorized cooperative project with another governmental unit(s) or a charitable Nonprofit organization(s)
- 18) Where a used item(s) is available on short notice and subject to prior sale

The NCORR Purchaser shall try to seek competition under the State's terms and conditions. This may be accomplished via RFP or IFB. If competition is not available or time does not permit solicitation, a justification shall be documented.

NOTE: All request for waivers for information technology goods or services are forwarded to DIT for final approval when the purchase exceeds \$25,000.

B. EMERGENCIES AND PRESSING NEEDS

There are times when an emergency or pressing need will arise. In non-declared emergencies where the value of the purchase is over \$25,000, documentation of the emergency or pressing need shall be performed and approved by the NCORR Director, or designee, prior to contract execution.

- **Emergency** is defined as a situation which endangers lives, property or the continuation of a vital program, which can be rectified only by immediate purchases or rental of equipment, supplies, materials or services.
- **Pressing Need** arises from unforeseen circumstances including, but not limited to, delay by contractors, delay in transportation, breakdown in machinery, or unanticipated volume of work which will likely result in an emergency situation if immediately not rectified. Pressing needs for information technology goods and services are to be approved by DIT prior to procurement.

C. NCORR PROCESS FOR EMERGENCY OR PRESSING NEED

- 1) NCORR must determine if the required purchase fits the criteria of an Emergency or Pressing Need as defined above:
 - Poor planning and/or scheduling does not constitute an emergency.

- Abuse of emergency policies and procedures may result in disciplinary action and will be considered as “Unacceptable Personal Conduct” not requiring a previous written warning.
 - Emergency and Pressing Need purchases shall be made only in a quantity sufficient to alleviate the emergency.
 - Quantities of the same item in excess of the amount necessary to alleviate the emergency shall be ordered through the normal requisitioning process
- 2) Emergency procedures during business hours (Monday–Friday 7:00 a.m. to 5:00 p.m.):
- The Section shall immediately contact NCORR Director of Purchasing and Contracting for assistance, prior to initiating a requisition.
 - NCORR Purchasing will direct efforts at alleviating the emergency condition.
 - In most instances, NCORR will be asked to initiate a purchasing requisition.
- 3) Emergency procedures After Business Hours:
- After normal business hours, NCORR shall pursue whatever course necessary to eliminate the Emergency or Pressing Need.
 - NCORR shall provide complete documentation of the circumstances surrounding the Emergency or Pressing Need.
 - A detailed list of purchases made to eliminate the Emergency or Pressing Need shall be documented.

VII. EVALUATION

BEST VALUE METHOD (Used for Services)

- 1) The following steps describe the process for application of the best value procurement methodology:
- a) Appropriate best value bidding method is determined by purchasing authority.
 - b) An evaluation committee evaluates offers in accordance with the stated evaluation factors. For solicitations that include a best value ranking process, scoring and ranking may be determined by using any consistent rating methodology, including adjectival, numerical, or ordinal rankings. Relative strengths, deficiencies, weaknesses, and risks supporting the evaluation shall be documented in the contract file.

Evaluation factors may include but are not limited to quality factors; delivery and implementation schedule; maximum facilitation of data exchange and systems integration; warranties, guarantees, and return policies; vendor financial stability; consistency of the

proposed solution with the state's strategic program direction; effectiveness of business solution and approach; industry and program experience; prior record of vendor performance; vendor expertise with similar projects; proven development methodologies and tools; and innovative use of technologies.

- c) Clarifications, communications to establish a competitive range, or negotiations may be conducted with bidders after receipt of offers in accordance with instructions and procedures set forth in the solicitation document and as appropriate to the method of source selection chosen. In those cases where negotiation is permitted by procedures set forth in the solicitation document, bidders may be allowed to submit best and final offers subsequent to negotiated changes in the initial offer or previous offer.
- d) The evaluation committee shall determine a final ranking of all offers under consideration using only the criteria set forth in the solicitation document. All bidders shall be ranked from most advantageous to least advantageous to the state.
- e) Award must be made to the responsive and responsible bidder whose offer is determined in writing to be the most advantageous to the state, using all evaluation factors set forth in the solicitation. If the lowest price technically acceptable method is used, award must be made to the responding and responsible bidder with the lowest price.
- f) The following types of solicitations may be used:
 - 1. One-step Invitation for Bids (IFB) or Request for Proposals (RFP): Technical and price responses are submitted at the same time.
 - (a) If applicable, clarifications may be sought from the vendors.
 - (b) If the trade off or ranking method of source selection is used, communications to establish competitive ranges or negotiations may be used.
 - 2. Two step IFB or RFP: Technical responses (step one) and price responses (step two) to solicitation are submitted separately.
 - (a) If the lowest priced technically acceptable method is used, technical responses (step one) are evaluated for acceptability only. Only clarifications with bidders are allowed. Price offers are opened (step two) for only those bidders who submitted technically acceptable responses. Selection is made by low price analysis.
 - (b) If the trade off or ranking method of source selection is used, technical responses (step one) are submitted, after which clarifications, communications to establish a competitive range, and negotiations with bidders may be allowed as specified in the solicitation document.

Price responses (step two) are requested only from bidders placed in the competitive range after the technical evaluation and discussion phase has concluded. Subsequent negotiations may be conducted with bidders after

receipt of price responses. Final price adjustments or best and final offers may be allowed.

- 2) A trade off method of source selection may be utilized when it is in the best interest of the state to consider award to other than the lowest priced offer or other than the highest technically qualified offer. For a solicitation using a tradeoff source selection method, the following shall apply:
 - a) All evaluation factors that will affect the contract award decision and their relative importance shall be clearly stated in the solicitation.
 - b) Price must be considered as an evaluation factor in the selection process. The solicitation shall state the importance or numerical weight of all evaluation factors including price.
 - c) Offers are ranked using the evaluation factors and their relative importance or weight as defined in the solicitation document. The relative overall ranking of any offer may be adjusted up or down when considered with, or traded-off against, other non-price factors.
 - i. For example, an offer with the lowest price when compared to other offers would normally receive the best ranking in the price evaluation category. However, if other non-price evaluation factors received low rankings, the overall ranking of the offer would be reduced.
 - d) Clarifications are permitted. If specified in the solicitation, communications and negotiations may be permitted after receipt of offer.
- 3) The lowest price technically acceptable source selection method may be used when best value is expected to result from selection of the technically acceptable offer with the lowest evaluated price. When using the lowest price technically acceptable method, the following shall apply:
 - a) The evaluation factors that establish the requirements of acceptability shall be set forth in the solicitation. Solicitations shall specify that award will be made on the basis of the lowest evaluated price of those proposals that meet or exceed the acceptability requirements for non-price factors.
 - b) Trade off between price and non-price factors is not permitted.
 - c) Proposals are evaluated for acceptability but are not ranked using the non-price factors.
 - d) Only clarifications are permitted.
- 4) Other competitive best value source selection methodologies may be used if they are determined to be advantageous to the state and are approved for use by the SPO or the CIO or his designee.

VIII. MISCELLANEOUS

A. SUBRECIPIENT PROCUREMENT

All subrecipient spending and procurement actions under NCORR's Community Development Block Grant programs must comply with the federal procurement standards described in 2 CFR 200.317 through 200.327². The federal procurement standards can be broken down into the categories below:

- General procurement standards (2 C.F.R. § 200.318)
- Competition (2 C.F.R. § 200.319)
- Methods of procurement to be followed (2 C.F.R. § 200.320)
- Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms (2 C.F.R. § 200.321)
- Procurement of recovered materials (2 C.F.R. § 200.322)
- Contract cost and price (2 C.F.R. § 200.323)
- Federal awarding agency or pass-through entity review (2 C.F.R. § 200.324)
- Bonding requirements (2 C.F.R. § 200.325)
- Contract provisions (2 C.F.R. § 200.327)

Subrecipients must follow their own documented procurement procedures which reflect applicable state, local, and tribal laws, and regulations, provided that the procurements conform to applicable federal law and the standards defined in 2 CFR 200.317 through 327.

Following federal requirements does not exempt a subrecipient from state or local requirements. In some instances, state and/or local procurement requirements may be more stringent than the federal procurement regulations. Subrecipients must ensure any actions taken satisfy both federal and state/local requirements.

Non-compliance with the applicable procurement regulations can result in costs being deemed unallowable, reimbursement requests being denied, or an order that previously awarded grant funds be returned.

If an applicant does not have documented procurement procedures, NCORR may not provide a contract until the applicant documents is procurement procedures. If a subrecipient's procurement procedures are inadequate, NCORR may not provide a contract until appropriate revisions have been made to assure all procedures will be made in compliance with the applicable federal, state, local, and tribal procurement requirements, and standards.

² 2 CFR 200.317 through 200.327: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

B. MONITORING OF CONTRACTS

NCORR shall maintain oversight of its contractors and vendors to ensure performance in accordance with the terms, conditions, and specifications of the contracts. Performance measurement, reporting, and accountability requirements shall be incorporated into each contract.

C. FEDERAL CERTIFICATIONS

For contracts valued over \$25,000 involving Federal Funds, one or more of the Federal Certifications may be required. These certifications are located in the Forms Section on the DPS Purchasing website.

Federal grants often contain specific requirements when procuring goods or services. To remain in compliance, Purchasing Agents should include all such requirements in the solicitation documents.

D. FUNDING

1) Cost Principles Analysis and Budget Certification

Where federal grant monies are used for a procurement over \$250,000 then after the award recommendation is issued but before contract execution, the NCORR Chief Financial Officer, or designee, will perform an analysis of cost principles to assess the allowability, allocability, and reasonableness of the contract price in addition to an analysis of the full contract price within the grant budget.

2) Conditional Grants, etc., in Public Purchasing

Where a grant, donation, or special discount is predicated upon making a purchase from the grantor, the proposed transaction shall be explained in writing and shall have prior approval of the SPO. Prior to approval, the SPO shall consider the conditions placed on the grant, donation, or special discount, and how they will affect the agency and the State, the cost of agreeing to such conditions, and the market conditions. When a donation from a private source is predicated upon making the purchase or lease from a specific source, the purchase or lease may be made without prior approval of the SPO or Secretary. This only applies if the donation from the private source covers 100% of the purchase price.

3) Funds from Different Sources

All expenditures of public funds, irrespective of the source, whether special, federal, local, gifts, bequests, receipts, fees, etc., or State appropriated, used for the purchase, rental, lease, lease-purchase, and installment purchase of equipment, materials, supplies and services are to be handled under the provisions of Article 3 of Chapter 143 of the General Statutes and in accordance with this purchasing Manual.

E. CONSTRUCTION

NCORR shall follow the guidelines for construction in accordance with G.S. 143-129 and 142-131 and the following:

To the extent applicable and where allowed under state law, NCORR will consider the use of value engineering for construction contracts.

There will be three different methods of awarding construction contracts, further defined below:

1. Awarding of Projects Below \$30,000.00

As defined in N.C.G.S. § 143-131, contracts below \$30,000.00 do not require competitive bidding or that the contract be awarded to the lowest, responsive, responsible bidder.

2. Informal Bids for Projects Between \$30,000.00 and \$499,999.99

For contracts between \$30,000.00 and \$499,999.99, N.C.G.S. § 143-131 requires competitive bidding and awarding of the contract to the lowest, responsive, responsible bidder.

3. Formal Sealed Bids for Batches of Projects above \$499,999.99

Construction contracts at or above \$500,000.00 will need to go through the formal sealed bid process pursuant to N.C.G.S. § 143-129. These contracts will require the additional contractual requirements of N.C.G.S. § 143-128.

F. TIME AND MATERIALS

Time and materials contracts shall only be awarded when no other contracting method is suitable (such as in immediate emergency or exigent circumstances). All time and materials contracts shall include a not-to-exceed ceiling price that the contractor exceeds at its own risk.

G. COST-PLUS

Cost-plus percentage of cost contracts and cost plus percentage of construction cost contracts are strictly prohibited.

H. DEFAULT / DEBARRED VENDORS

No contract shall be awarded to a vendor or contractor who has been debarred from participating in state contracts by the Division of Purchasing & Contracting. No contract shall be awarded to a vendor or contractor listed on the federal Excluded Parties List System in the System for Award Management (SAM) at SAM.GOV.

IX. PROCUREMENT TASK OVERVIEW

Procurement Task	Personnel/Unit Responsible
Draft scope of work and contract requirements.	NCORR business owner, NCORR contract specialists
Insert legal provisions required by state and federal law	NCORR legal staff, NCORR contract specialists (if contract for IT services, the state Department of Information Technology will be involved)

Procurement Task	Personnel/Unit Responsible
Review for state and federal compliance and for program goals/priorities	NCORR legal staff, NCORR contract specialists, NCORR compliance staff
Conduct Independent Cost Estimate, when applicable.	NCORR purchasing and contracting staff
Review for compliance with departmental procedures and rules, and format for posting	NCORR purchasing and contracting staff
Review for state compliance (if the contract would exceed certain thresholds in state rules)	NCORR purchasing and contracting staff
Post the procurement opportunity on the state procurement website	NCORR purchasing and contracting staff
Post the procurement opportunity on the State's CDBG-DR website	NCORR communication staff
Circulate the procurement opportunity to historically underutilized business (HUB) vendors	NCORR Purchasing and Contracting/DPS HUD liaison manager
Conduct any Q&A session or pre-bid conference	NCORR business owner, NCORR contract specialists, NCORR legal staff
Receive vendor proposals	NCORR Purchasing and Contracting
Evaluate vendor proposals and recommend an award	NCORR staff and other state agency personnel selected to serve on an evaluation committee due to their experience and knowledge on the subject of the procurement
Conduct any further negotiations with vendors, per state contracting rule	NCORR Purchasing and Contracting
Review award recommendation	NCORR Purchasing and Contracting (IT Procurement for IT solicitations, if contract value over the threshold established in state rules)
Perform a cost principles analysis and budget certification of the award recommendation. This task is performed prior to the award decision and execution. Until October 1, 2022, NCORR named this task a "cost analysis" – which should not to be confused with cost or price analysis set out in 2 CFR 200.324(a).	NCORR Chief Financial Officer or designee.
Make the award decision	NCORR Director or designee
Announce the award decision to vendors	NCORR Purchasing and Contracting
Receive and decide any protest of the award	Agency Executive Officer (or DOA State Purchasing Officer, if applicable)
Administer the contract and conduct oversight	NCORR business owner, NCORR finance staff, NCORR compliance staff
Review and process invoices	NCORR finance staff
Contract closeout	NCORR finance staff

X. 2 C.F.R. § 200.327; 2 C.F.R. PT. 200, APP. II

NCORR shall ensure that the following contract provisions are included in all contracts where applicable:

A. Include All Applicable Contract Provisions:

- Remedies for breach of contract: Contract for more than the simplified acquisition threshold (currently \$250,000) shall address administrative, contractual, or legal remedies in instances where contractor violate or breach contract terms, and provide for sanctions and penalties as appropriate.
- Termination: Federal contracts no longer require a Termination for Cause and Convenience Clause. NCORR and the contract should clearly and unambiguously specify termination provisions applicable to each award. Federal awards may be terminated as per rules and procedures found in 2 C.F.R 200.340, Termination. When NCORR terminates a contract prior to the end of the period of performance due to the material failure to comply with the award terms and conditions, NCORR must report the termination to the OMB-designated integrity and performance system accessible thorough SAM.GOV.
- Equal Employment Opportunity: All contracts that meet the definition of a “federally assisted construction contracts” as defined by 41 C.F.R. § 60-1.3, except as otherwise provided under 41 C.F.R. pt. 60, shall include the equal opportunity clause provided under 41 C.F.R.§60-1.4(b), in accordance with Executive Order 11246, Equal Employment Opportunity (30 Fed.Reg.12319, 12935, 3 C.F.R. Part,1964-1965Comp., p.339), as amended by Executive Order 11375, Amending Executive Order 11246 Relating to Equal Employment Opportunity, and implementing regulations at 41 C.F.R. Part 60 (Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor).
- Davis-Bacon Act wage requirements: All construction contracts costing in excess of \$2,000 shall include a provision for compliance with the Davis-Bacon Act (40 U.S.C. §§ 3141-3144 and 3146-3148) as supplemented by Department of Labor regulations at 29 C.F.R. Part5 (Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction). All construction contracts and subcontracts subject to Davis Bacon and Related Acts (DBRA) requirements shall contain the DBRA Contract Clause found in the current Davis-Bacon and Related Atcs (DBRA) Policy and Procedures Manual located on the ReBuildNC website.
- Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u): All construction contracts costing in excess of \$200,000 shall include a provision for compliance with the Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) that is regulated by the provisions of 24 CFR 75. All Section 3 covered contracts and subcontracts must include the Section 3 Contracting Clause found the current Section 3 of the Housing and Urban Development Act of 1968 Policy Manual located on the ReBuildNC website.
- Copeland “Anti-Kickback” Act (40 U.S.C. 3145): All construction contracts in excess of \$2000 shall include a provision requiring the contractor to comply with the Copeland “Anti-Kickback” Act (40 U.S.C. § 3145).

- Contract Work Hours and Safety Standards Act: All contracts in excess of \$100,000 involving the employment of mechanics or laborers shall include a provision for compliance with the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3702 and 3704, as supplemented by Department of Labor regulations at 29 C.F.R. Part 5).
- Clean Air Act and Federal Water Pollution Control Act: All contracts in excess of \$150,000 shall include a provision requiring contractors to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act (42 U.S.C. §§ 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. §§1251-1387).
- Debarment and Suspension: All contracts and subcontracts shall include a provision prohibiting the award of a contract or subcontract to a vendor or contractor listed on the federal Excluded Parties List System in the System for Award Management (SAM) and requiring contractors to verify that the contractor, its principals, affiliates, or subcontractors are excluded or disqualified from participating in a contract paid for in part or whole with federal funds.
- Byrd Anti-Lobbying Amendment: All contracts in excess of \$100,000 shall include a provision requiring the contractor to certify compliance with the Byrd Anti-Lobbying Amendment (31 U.S.C. § 1352, as amended). All vendors competing for contracts subject to this requirement shall include a Certification Regarding Lobbying with their bid proposals or solicitation responses.
- Procurement of Recovered Materials: All contracts in excess of \$10,000 shall include a provision requiring the contractor to comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.

NCORR shall ensure that the following contract provisions are included in all contracts to the extent required under the terms and conditions of federal grant awards:

B. Additional Provisions Often Required:

- Changes: All contracts shall include a provision specifying the method by which, if at all, changes can be made by either party to alter the method, price, or schedule of the work without breaching the contract.
- Access to Records: All contracts shall include a provision that all contractors and their successors, transferees, assignees, and subcontractors acknowledge and agree to comply with applicable provisions governing access to records, accounts, documents, information, facilities, and staff.
- Compliance with Federal Law, Regulations, and Executive Orders: All contracts shall include a provision requiring the contractor to acknowledge that federal funds will be used to fund the contract along with the requirement that the contractor will comply with all applicable federal law, regulations, executive orders, and agency policies, procedures, and directives.
- No Obligation by Federal Government: All contracts shall include a provision stating that the Federal Government is not a party to the contract and is not subject to any obligations or

liabilities to the non-Federal entity, contractor, or any other party pertaining to any matter resulting from the contract.

- Program Fraud and False or Fraudulent Statements or Related Acts: All contracts shall include a provision requiring the contractor to acknowledge that 31 U.S.C. Chap. 38 (Administrative Remedies for False Claims and Statements) applies to its actions pertaining to the contract.