Corporate Policy and Procedures

PROCUREMENT POLICY

PURPOSE

To establish a policy and procedure for all Lake Royale Property Owners Association (LRPOA) procurements to ensure that goods and services are purchased in a cost-effective manner, maximize competition, foster the lowest acceptable price, control the expenditures of LRPOA funds and safeguard its assets.

SCOPE

This policy and procedure applies to any transaction undertaken or contemplated by LRPOA personnel applicable to procurement of goods or services.

POLICY

1.0 Approval Limits

Approval limits are per the below table.

Approval Limits	Title
$0 - $1,000	Department Heads*
≤ $5,000	General Manager (GM) or President
> $5,000	Board Approval

* NOTE: There is an exception for the Public Works Director for budgeted and routine purchases such as asphalt for up to $10,000.

2.0 Methods for Procurement

Methods for procurement of goods or services are:

a) Credit card/P card
b) Purchase Order (PO)
c) Contract
d) Auctions
e) Private Party or Equipment related Internet Sites (such as Facebook Marketplace)
f) Other method (e.g. verbal agreements or phone orders); these should be minimal and are not encouraged

3.0 Expected Standards of Purchase

- Selection will normally be of the lowest evaluated bid representing the best combination of service and value from a group of qualified bidders, but the LRPOA is under no obligation to select the lowest bid. Bids should be selected based on the best overall value taking into consideration price, quality, warranty, etc.
- It is recognized that in some few and unusual procurements (including auctions, Facebook Marketplace or emergency procurement), obtaining competitive bids may not be practical. However, the normal procurement procedure is to obtain at least three (3) competitive bids on all procurements. If 3 bids are not possible for whatever reason, the rationale must be properly documented.

- If there is a need for emergency procurement the General Manager may approve expenses in writing up to $5,000 and amounts greater than $5,000 may be approved by the President, Vice President or Treasurer of the Board of Directors in writing. If the emergency procurement is less than $5,000 and the General Manager is unavailable, the Department head may act as the authorizing official. For the avoidance of doubt, Article II Section 9 of the Bylaws, states "an 'emergency' shall be defined, as set forth in North Carolina law, as a situation or imminent threat of widespread or severe damage, injury or loss of life or property, resulting from a natural or man-made cause."
- No LRPOA personnel, Board or Committee member shall derive any personal benefit in the selection and subsequent awarding of a bid and all purchases are to be only for the benefit of the Association.
- **NOTE**: See the Preferred Supplier Section below. 3 bids are not required for Preferred Suppliers.

4.0 Credit card/P card Procurement

Credit or Purchasing (P-cards) Cards provide an efficient way to purchase low-dollar business related goods and services. Good business judgement should be used in finding lowest cost and multiple competitors as per above Expected Standards of Purchase. No additional approval limits are needed for authorized card holders up to the threshold of the card per transactions.

5.0 Purchase Order

Purchase orders (PO) are one of the preferred methods of procurement. It is a commercial document issued by a buyer to a seller indicating types, quantities and prices for products or services.

6.0 Contract

A contract is another one of the preferred methods of procurement. It is an agreement between two parties that creates mutual obligations enforceable by law. Note that all contracts made for procurement of LRPOA goods and services must be signed by two (2) LRPOA Board members, one of which must be the President or Vice-President.

7.0 Auctions

As a means to purchase a well maintained and cost-effective piece of equipment, auctions can be used as a procurement tool. Examples may include but are not limited to trucks, automobiles, pavers, excavators, heavy duty machinery, etc. All purchases, at auctions, necessitate LRPOA Board approval in advance of auction, with written justification sent to the Board outlining 1) ability of the equipment to meet a specific need, 2) the condition of the equipment and 3) the value of buying at auction versus buying equipment through a more traditional method. Once approved by the Board, an experienced and competent person(s) will be sent to purchase at auction using the approved written justifications for the procurement of the equipment. Regardless of the source, receipts are required. Every effort will be made to pay with a check or money order made out to the seller. If cash is required, under no circumstances shall a cash purchase exceed fifteen thousand dollars ($15,000). All cash purchases require a Lake Royale Police Officer, preferably the Chief (though not required) to accompany the bidder and maintain control of the cash at all times. Both the bidder and the Police Officer must return any unused cash to the General Manager.

8.0 Private Party or Equipment related Internet Sites

Much like Auctions above, private party and equipment related internet sites (such as Facebook Marketplace) can be used to purchase well maintained and cost-effective pieces of equipment. All purchases using these methods of procurement necessitate the same requirement for written justification as in auctions above and a knowledgeable person(s) having examined or viewed the equipment prior to procurement.

9.0 Capital Expenditures

Capital Expenditures are defined as items with a cost greater than $5,000 and a useful life greater than one year (see LRPOA 001 – Property & Equipment. Capital expenditures should be procured only using PO's, contracts and to a limited basis auctions/private parties & internet sites as per above.

10.0 Petty Cash Fund

The petty cash fund shall only be used to purchase small goods and services and always requires documentation of the person securing the cash and receipts for items or services procured. There is a limit of $100 on any petty advance. No petty cash advance will ever be made as a loan to any individual. The petty cash fund shall be audited at least twice each year at unannounced times and shall be conducted by the GM or Treasurer of the Board of Directors.

11.0 Bid Summary

All ≥ $5,000 require the Bid Summary Form, template attached to this policy, to be completed and submit as part of the review and approval process.

12.0 Lake Royale Preferred Suppliers

A Preferred Supplier Program is designed to bring long-term value such as lower costs, higher quality, lower risk, better contract terms, and higher efficiency. A single bid from a Preferred Supplier will satisfy bidding requirements under this policy. The General Manager must provide a justification to identify a vendor as a Lake Royale Preferred Supplier. Approval by the Board of Directors must occur before any vendor is identified as a Preferred Supplier. Performance of Preferred Suppliers must be reviewed, and documented, at least annually by the General Manager. The General Manager will submit the supplier evaluation as well as a recommendation to keep the vendor in the Preferred Supplier program (or not) to the Board of Directors. The Board of Directors may approve or reject classification of a vendor as a Preferred Supplier at any time.

POLICY APPROVAL AND RESPONSIBILITY

Administration of this policy is assigned to the General Manager or Treasurer of the Board of Directors. Any questions about application of this policy should be referred to the General Manager or Treasurer of the Board of Directors.

Complete the below table and the Recommendation Section Below. Provide a brief description for each item and rate each item. The Ratings below should be from 1 -10 based on how well the supplier meets the needs of Lake Royale.

Requirements	**Supplier 1 Name**	**Supplier 2 Name**	**Supplier 3 Name**	**Supplier 4 Name**
Preferred Supplier (Y or N)				
Goods or Services to be Provided. Rating (1 – 10)				
Timeline (Start and Finish Dates, Milestones if applicable) Rating (1 – 10)				
Quality. Based on previous experience, references, warranties, etc. Rating (1 – 10)				
Cost Rating (1 – 10)				
Other				
Other				
Overall Results (Total of Ratings)				

Recommendation (state which supplier was selected and the rationale for that selection).