

FINANCE CENTER



Purchasing Myths and Truths

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Myth: Purchasing Agents (PA) and Qualified Purchasing Agents (QPA) have magic wands, they can pull rabbits out of hats and each PA or QPA has a wheel in their office at the ready to spin and yell “come on down, let’s make a deal.”

Myth: PA’s & QPA’s make up the purchasing law and rules as they go along. The weather, planet alignment and their daily horoscope helps with their decisions.

Truth: PA’s & QPA’s don’t have magic wands or spinning “let’s make a deal” wheels—but they do have the Local Public Contracts Law (LPCL) [N.J.S.A. 40A:11-1 et seq.] and rules (N.J.A.C. 5:34-1 et seq.) which provides them with the tools to procure the goods and services needed for your local entity.

How do you go about getting what you need for your department but still ensure that you are following the procurement laws? That is where your PA or QPA comes in.

They say the basis for any good relationship starts with communication, and it is no different with your PA or QPA.

Take the time to discuss your purchasing needs with them. What is the time frame for the purchase? What will the approximate cost be? What are the quantities of the item(s) needed? Will the quantity amount be fixed (two widgets) or do you need an open-ended contract? (150 widgets over a 24-month period)

The answers to those questions will determine what direction your PA or QPA will take in procuring the items that you need. The LPCL sets the quote thresholds and bid thresholds for PA’s & QPA’s to follow.

What are those thresholds? See chart below for details.

So what is the next step for the PA or QPA?

Based on the information given to them by the using department, the PA or QPA can begin the procurement process:

PA/QPA If the cost of the item needed in the aggregate, the sums expended or to be expended for the provision or

| Purchasing Agent (Person is designated by the governing body either by ordinance or resolution) | Qualified Purchasing Agent (Person is designated by the governing body either by ordinance or resolution and possesses a QPA Certificate issued by the Director of Local Government Services) |
|---|---|
| Contracting Units Bid Threshold: Up to \$17,500 | Contracting Units Bid Threshold: Up to \$40,000 |
| Contracting Units Quote Threshold: \$ 2,625 (15% of the Bid Threshold) | Contracting Units Quote Threshold: \$ 6,000 (15% of the Bid Threshold) |
| Fair & Open/Non-Fair & Open (Window Contracts): N/A | Fair & Open/Non-Fair & Open (Window Contracts): Between \$17,500 and \$40,000 |

performance of an goods or services in connection with the same immediate purpose or task, or the furnishing of similar goods or services, during the same contract year through a contract awarded by a contracting agent, is less than the contracting units 15% of the bid threshold, the quote submitted by the using department will suffice, a requisition can be encumbered and a purchase order will be issued to the vendor. [N.J.S.A. 40A:11-6.1(c)]

PA/QPA If the cost of the item needed in the aggregate is less than the contracting units bid threshold BUT 15% or more of the quote threshold then the using department needs to submit at least two competitive quotes (please note the contracting unit may request more than two quotes) to the PA or QPA before a requisition can be encumbered and a purchase order can be issued. [N.J.S.A. 40A:11-6.1(a)]

QPA only If the cost of the item(s) in the aggregate exceeds \$17,500

BUT is less than the contracting units bid threshold and a QPA has been appointed by the governing body—the QPA shall determine if the items will be procured through a Fair and Open or Non-Fair and Open process pursuant to N.J.S.A. 19:44A-20.4 et seq. and N.J.S.A. 19:44A-20.26. On January 1, 2006, P.L. 2004, c.19, known as the “*New Jersey Local Unit Pay-To-Play*” law (N.J.S.A. 19:44A-20.4 et seq.) was signed into law. The Law affects all “municipalities and counties, and their agencies, and instrumentalities” (i.e., all contracting units subject to the Local Public Contracts Law) enter into contracts with a value over \$17,500. The Law requires that all contracts with a value over \$17,500 (aggregation rules apply) be awarded pursuant to a “fair and open” or “non-fair and open” process, both of which are defined in the law.

PA/QPA If the cost of the item(s) in the aggregate exceeds the contracting units bid threshold then the PA or QPA

must generate a bid. Per the LPCL, the bid shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible responsive bidder after public advertisement. [N.J.S.A. 40A:11-4]

There are additional procurement avenues (NJ State Contracts, Local Cooperative Purchasing Contracts, and National Cooperative Contracts) available to contracting units and you’re PA or QPA will be able to provide you with assistance on those contracts.

Further, there are over 15 supplementary statutory provisions that impact the LPCL and Rules. Again, your PA or QPA will ensure that the contracting unit is in compliance with those additional provisions.

Local public purchasing is not as simple as we would like it to be, but if you reach out to your friendly neighborhood purchasing agent, they will help you maneuver through the laws and rules to obtain the goods and services you need. 🚀

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