



# Top Five Things to Know About: Purchasing

## 1. Procurement Thresholds and Award of Contracts

- Governing body can authorize, by resolution or ordinance, their purchasing agent to award contracts:
  - Under \$2,625 without soliciting competitive quotations
  - Between \$2,625 and \$17,500 after soliciting at least two competitive quotations (the "quote threshold")
- All contracts over \$17,500 must be awarded by resolution of the governing body if awarded under the "Fair and Open" provisions of the Pay-to-Play law. This includes professional services, EUS, competitive contracting and State contracts.
- If purchasing agent holds a Qualified Purchasing Agent certificate, the bid threshold can be increased up to \$40,000 by the governing body (with a corresponding increase in the quote threshold to \$6,000).
- Governing body is the contracting agent unless it officially delegates authorization
- 24-month contracts are permitted; longer if permitted by N.J.S.A. 40A:11-15; professional services one year.

## 2. Exceptions to Receipt of Bids

- Initiation of competitive contracting procedure requires a resolution
- Governing body must establish a chain of command of individuals authorized to make emergency purchases
- Only authorized individuals may award emergency contracts
- State contract items must be identical and in same quantities

## 3. Contracts Not to Be Divided

- Contracts basically similar in character cannot be divided to bring the purchase under the bid threshold
- All goods or services necessary for the completion of a contract must be included in one contract

## 4. Forms of Contracts

- All contracts shall be in writing. Purchase orders are considered to be contracts.

## 5. Time for Making Awards of Contracts

- Award of contract or rejection of bids must be made within 60 days of receipt of bids
- Contracts shall be signed within 21 days of the award of contract, unless both parties agree to an extension

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