PURCHASING POLICY AND PROCEDURES

PURCHASING POLICY AND PROCEDURE GUIDE

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The Purchasing Office under the Procurement Manager has the sole authority to order materials and contract for services. The University assumes no obligations except on a duly authorized Purchase Order. Requesting departments may not order materials or contract for services without first contacting the Purchasing Department.

Ethics Statement – All public purchasers are required to adhere to the ethical standards for public servants. The Code of Governmental Ethics can be found by searching under Legal Info/Louisiana Law Search/RS 42:1101-1170 from the Office of State Procurement website at http://www.doa.louisiana.gov/osp/legalinfo/bj2010-16.pdf

The purchasing department operates under the laws, rules and regulations (Title 34 of the Louisiana Administrative Code), policy and procedures, executive order of the governor, governing procurement as listed in RS 39, 38, 42, 43 as well as university policy.

Some primary statutes governing procurement are listed below:

RS 38:2211 - 2296 Public Contracts
RS 39:1481 - 1526 Professional Services
(handled by OSP, Professional Contracts)
RS 39:196 - 200 Data Processing
RS 39:1527 - 1546 Insurance
RS 39:1551 – 1736 Louisiana Procurement Code
RS 39:1695 Late Payments
RS 39:1761 Lease/Purchase
RS 42:1101 - 1170 Code of Ethics
RS 43:1 - 34 Printing
RS 43:111 – 211 Advertisements
RS 44:1 - 41 Public Records

Most common Procurement Methods:

- Executive Order BJ 2010-16
- State Contract
- Brand Name Contracts
- Sole Source Purchase
- Proprietary Purchase
- Sheltered Workshop

Procedures for Professional, Consulting and Personal Services Contracts are found under Procedures on the Purchasing website.

LaCarte card and CBA policy can be found under Procedures on the Purchasing website.

A. Purchases of $5000 or less: Competitive bids are not required, but the price(s) must be competitive and reasonable. Requisitions shall not be artificially divided to total less than $5000 to avoid competitive bidding. Executive Order BJ 2010-16. The Purchasing Department reserves the right to solicit quotes if it deems to be in the best interest of the University.

B. Purchasing Card Purchases: Purchases of $5,000 or less may be made via use of the State of LA purchasing card without having to take bids or obtain quotes. The card profile must have a single limit transaction of $5000.

Artificial splitting of purchases is a violation of bid laws and is not authorized.

C. Purchases greater than $5000, less than $15,000: A minimum of three (3) bona fide, prospective vendors selling the item(s) will be solicited for quotes by the Purchasing Dept., using a standard written Request for Quotation form sent via fax. Please provide current address, phone and fax number and email address, if possible, to assist in obtaining fax quotes. A minimum of 10 days should be allowed for quotes to be received, analyzed, awarded and the purchase order issued.

D. Purchases greater than $15,000, but less than $25,000: When the estimated cost of materials, supplies or equipment is less than $25,000, price quotations will be solicited by fax or mail by the Purchasing Department. Quotes will be solicited from at least five (5) bona fide, prospective vendors. A minimum of three (3) working days shall be allowed for the receipt of quotes. A minimum of 10 days should be expected for quotes to be received, analyzed, awarded and a purchase order issued.

E. Exempt Items:

1. Certain items have been considered small purchase by the Governor and are exempt from the competitive process under Section 5 of Executive Order No. BJ 2010-16. A copy of the Executive Order is on file in the Purchasing Department and an electronic copy can be found at: http://www.doa.louisiana.gov/osp/legalinfo/bj2010-16.pdf

2. Scientific and laboratory supplies and equipment for laboratory scientific research not to exceed twenty-five thousand dollars ($25,000) per transaction. A Request for Non-Competitive Purchase Form must accompany your requisition.
3. Wire, related equipment, time and material charges to accomplish repairs, adds, moves, and/or changes to telecommunications systems not exceeding two thousand five hundred dollars ($2,500).

F. Purchases greater than $25,000: Purchases with an estimated cost greater than $25,000 will be made by sealed bid after publicly advertising in the official journal of the state (Morning Advocate in Baton Rouge), in a newspaper in the locality of the budget unit (News Star in Monroe), and on the LaPac web page. Bids will be solicited from at least five (5) bona fide, prospective bidders. A minimum of 25 to 30 days must be allowed for bids to be received, analyzed, awarded and a purchase order issued.

G. Purchases made from State Contract: Purchases made on State Contract in excess of $5000 do not have to be bid. You can access the state web page at http://www.doa.louisiana.gov/osp/purchasing.htm. Follow the Contract Search tab. Most of these item are office supplies, computers, office furniture, etc. Any one line item in excess of $25,000 will be let for bids.

1. A state contract number and line item number must be included on your requisition for price verification.

2. On catalog contracts, save your quote and send a copy with your requisition referenced on the Campus Correspondence form.

H. Sole Source and Proprietary: A sole source purchase is permissible only if an item is available from a single supplier. This means the merchandise is sold only by a single supplier which is usually the manufacturer. If the item is manufactured by a single supplier but is sold through distributors, then it is not a sole source purchase.

The requisition is to be accompanied by a letter from the national marketing representative (not a sales representative) on the vendor’s letterhead stating that he is the only known source for the particular product, that he does not sell through distributors, and a firm price quote. Obtain a list price from the vendor to determine that the university is getting a fair price.

A proprietary purchase is similar to sole source in that a certain unique product is the only one that will meet the needs of the university, but the manufacturer has chosen to distribute his product through more than one source. The requesting department is to send a letter justifying the need for the purchase. Bids must be solicited for proprietary purchases.

Sole Source and Proprietary files cannot be renewed without first obtaining new letters from the vendor to confirm that justifications are still valid and vendor declarations and marketing strategy remain the same. The sole source form is located under ULM Forms Purchasing Department.

I. Sheltered Workshop: Employment Development Services (EDS) – Obtain quote from EDS or issue a requisition against State Use Contract No.401120.

J. Excluded Parties List System (EPLS): Sams System for Award Management. All federal funded requisitions are verified through the Excluded Parties List System as received and prior to processing. https://www.sam.gov/portal/public/SAM/

K. University Policy for all departments:

1. Public Relations SHOULD be contacted about all jobs pertaining to printing.

2. Capital Outlay items other than software CANNOT be purchased from the Bookstore.

3. Food/meals CANNOT be charged to most Operating fund Accounts.

4. Copy paper SHOULD be ordered from the State Contract pricing. A minimum of 6 cases must be purchases. Contact the Purchasing Department.

5. Contact purchasing department for shredding information.

PURCHASING MODULE ON BANNER

Budget items of primary concern to the Purchasing Department are as follows:

1. Operating Services (703000) – Charges for services performed in connection with repairs, rentals, printing, utilities, freight dues, subscriptions, etc.

2. Materials and Supplies (704000) – Any consumable item.

3. Professional Services (705000) - Those services for personal, professional or consulting purposes which require specialized knowledge, training, artistic ability, etc.

4. Other Charges (706000) - Purchases made for resale, which are not a part of a merchandising program. Also includes awards, scholarships, etc.

5. Capital Outlay (707000) - A non-consumable or nonrecurring item costing $1,000 or more with a useful life expectancy of more than a year and which in private industry would be set up in a Capitol Equipment Account and depreciated over its expected useful life.

Although departments are allocated funds in their budget for a given period of time, the allocation is only an authority to requisition, not to purchase.

Requisitions

A. Procedures for all PO Types: A properly executed purchase requisition whose total for all items is less than or equal to $5000 or commodities covered by an existing state contract may be submitted to the Purchasing Department through Banner. Funding must be available in the specified account. Funds are encumbered electronically at the time a Purchase Requisition is approved by the Approving Authority.

Procurement Specialists or Procurement Manager will process approved Requisitions in accordance with R.S. 39:1594 and Executive Order for Small Purchases that have been issued by the Governor of the State of Louisiana.

B. Description: Submit full and complete descriptions and specifications to the Purchasing Department on all items requested to expedite processing of
requisitions. Descriptions, specifications, etc. may be submitted electronically in Microsoft Word format, faxed, or campus mail. Failure to do so could delay processing. The department is responsible for typing all items and their estimated costs on the purchase requisition in Banner.

If the requesting department can not furnish a vendor(s) as required, Purchasing personnel will identify a vendor(s) for the commodity listed.

C. Attachments: Purchase Requisitions with PO Types - State Contract (SC), Check with Order (CO), Quote Order (QO), Ongoing Research, or Bid Specifications must have attachments. The form "Departmental Correspondence" located under "Forms", along with the type of attachment is to be completed and forwarded to the Purchasing Department. Purchase Requisitions without the necessary attachments/forms will not be processed until all forms are submitted.

D. Request For Competitive Bids: The following procedures shall be used to request the purchase of items or commodities with an estimated cost exceeding $5000 or those not covered by a state contract or Governor’s Executive Order. Departments submitting the Request for Competitive Bid Form must follow the following guidelines:

1. Enter quote order (QO) requisition in Banner.

2. Be sure to specify a realistic delivery date. Considerations must be made for University closure, holidays, etc. Submit request in sufficient time to permit the Purchasing Department to secure competitive quotations and place an order without causing undue delivery.

3. The department should furnish suggested sources of supply, giving the name, address, telephone, fax number, and e-mail address, if possible for each vendor.

4. Provide a complete description of the commodity. Use only one class of commodity per request. For example, do not request office furniture and scientific equipment on the same requisition. Specify manufacturer, make and model. Indicate quantity, size, color, etc. To duplicate a purchase, refer to your copy of the previous Purchase Order and copy complete specifications.

5. State the physical address where materials are to be delivered. If delivery address is different from department’s address, enter the information on the Document text screen. All capital outlay items must be delivered to the Warehouse unless exempt by Property Control or other circumstances. (See Property Control)

6. Provide an estimate of the cost in the space designated in the system. A realistic cost estimate must be provided. The estimated cost determines the type of bid to be taken and the time required to obtain bids, evaluate, and award the bid.

7. Requisition(s) must be approved by the appropriate personnel in the system. NOTE: All new funds must be set up in Banner before a requisition can be generated.

After bids have been received and evaluated, the electronic requisition already approved for funding, is updated to reflect items to be purchased from vendor(s) and a Purchase Order is issued.

Split Billing/Invoices

It is a violation of the State of Louisiana laws and regulations to split invoices/billing as a means of avoiding the taking of competitive bids when the total amount of the purchase exceeds $1000.00 and a vendor is requested to bill part of merchandise on one invoice and the remainder on a second.

Payment of split billing invoices will not be made by the University

PURCHASE ORDERS:

A. Purchase Orders under $5000:

1. Purchase Orders for less than $5000 can be processed without obtaining quotes. All costs are to be included in the $5000 (i.e. processing charges, freight, handling, etc.).

2. Segregation (splitting) of purchases to keep each amount less than $5000 is NOT permitted.

B. Purchase Order Distribution:

Once purchase orders are processed and printed, the Purchasing Dept. will release the order. The vendor (white) copy is mailed/faxed to the vendor, a pink file copy is sent to the Controllers office, a yellow file copy is sent to requesting department and the ledger buff file copy remain in the Purchasing Department Vendor file. After the merchandise is received, the requesting department will enter the receiver information in Banner, signs and forwards a copy to the Controller’s Office for payment to be made. If the item is for a capital outlay item, a copy is also forwarded to Property Control so that movable equipment can be tagged.

Property Control gets a copy of POs for capital outlay with a cost greater than $1,000 and expensed in 7046xx, 704701, and 707000.

BLANKET ORDERS:

The Purchasing Department has authorized in special instances, the issuance of a blanket order to cover a year period. The blanket order can be processed from an annual bid that has no encumbrance. The purpose is to be utilized on a fill-in basis for those items needed on short notice for specific purposes.

A properly executable requisition will be processed as a blanket order. Individual orders is place with the vendor against this order. The purchase order number must be used by the vendor for each order made. All invoices must reference the purchase order number.

The department will complete a Blanket Order Form located under ULM forms/Purchasing Department, and send to the purchasing department for processing. Purchasing Personnel will issue an order against the original blanket order.

Once department receive items, complete the receiving on the Banner Finance Module. DO NOT MARK F (Final). Only the last receiving against the blanket order should be marked as final.

RECEIVING:

All merchandise will be delivered to requesting delivery location except those items which must be delivered to ULM Warehouse. After the merchandise has been received, each department will enter into the BANNER FINANCE system all the required receiving information.
A. All expenditures for capital outlay purchases (those costing more than $1,000) will be coded to a 707000 series expense code by the Department.

B. All items purchased with an expense code in the 707000 series and with a total acquisition cost of $1000 or more for any one included item will be delivered to the ULM Warehouse unless a specific direct delivery exemption has been granted by the Director of Property Control (DPC) in writing.

C. A copy of all purchase orders coded to 707000 account or items to be installed with a total acquisition cost exceeding $1000 will be sent to Property Control by the Purchasing Department within five working days after they are prepared. Each department is to enter the receipt on the Receiving form in Banner (FPARCVD) as soon as goods are received.

D. When equipment is delivered to the Warehouse, warehouse personnel will:
   1. Pull the appropriate Purchase Order and verify that package/box identifications can be matched to the PO information and notify the ordering department of shipment receipt. When a partial delivery is made to the Warehouse, notifications should be made immediately and the Purchase Order held in a suspense file until all packages are received.
   2. Deliver merchandise or notify the department that shipment has been received.

E. The ordering department MUST enter the receiving information in the BANNER FINANCE system.

Important Points to Keep in Mind

1. A purchase order must exist on the system before you can record information for the goods or services received against the order.
2. You can make adjustments to a receiver document. Follow instruction in the Receiving manual.
3. If you receive multiple shipments for a single purchase order, you create a new Receiver Document for each shipment you receive.

CANCELLATION OR MODIFICATION OF ORDERS:
Requests for cancellation or modification of Purchase Orders, including an increase or decrease in the dollar amount, should be submitted to the Purchasing Department in writing by the department head. The Change/Cancellation form is online under ULM forms/Purchasing Department. An official notification to the vendor will be sent by means of a University Purchase Order Change Order. Any cancellation or alterations of an outstanding Purchase Order can be handled only through the Purchasing Department.

BACK ORDERS:
Purchase Orders are issued for one or more items. The University’s Accounts Payable Department pays by invoice on receipt of merchandise. In many instances, vendors will make partial shipments, bill and back order items until the entire order has been filled. Accordingly, the Purchasing Department will keep a Purchase Order open until all orders are received. Departments are encouraged to check the status of a requisition using the FOIDOCH form on the Banner Finance system.

INVOICING
A pink copy of each purchase order will be sent to the Controller’s office. When an invoice is received from the vendor or from the ordering department for merchandise ordered, the Accounts Payable Department enters the invoice information in the BANNER FINANCE system. For partial receiving invoices a (P) is entered signifying the order is not complete.

PROPERTY CONTROL
Any purchase order with a single line item whose acquisition cost is at least $5000 and coded to the 707000 accounting MUST BE tagged by the Property Control Department. A copy of the purchase order will be sent to Property Control when ordered. When the order is received, the receiving department will enter the receipt in the Banner Finance system using form (FPARCVD).

Expenses that should be included in determining the total acquisition cost of movable property include:
   a. Base price/purchase price

b. Freight and transportation costs
c. Site preparation and installation costs
d. Professional fees associated with installation and deployment

All items purchased with an account in the 707000 series and with a total acquisition cost of $1000 or more for any one included item will be delivered to the ULM Warehouse unless a specific direct delivery exemption has been granted by the Director of Property Control (DPC) in writing. Exceptions can be granted on a single case basis for items requiring special handling or installation by the vendor. Departments receiving items by direct delivery shall notify Property Control within three business days of receipt of any items requiring tagging, even if shipment is not complete.

While ordering departments can make “Direct Delivery” requests to the DPC, vendors MUST BE informed by purchase order instruction. The requesting department MUST forward the signed exception to the Purchasing Department with their Requisition number listed.

It is Property Control’s responsibility to check if an order has been received by the department by accessing the Purchase Order using FOIDOCH on BANNER FINANCE system.

BUDGET TRANSFERS:
Budget Transfers are not required for TRAVEL (702000's), OPERATING SERVICES (703000's) and SUPPLIES (704000's) account codes. Requisitions will be processed as long as a positive balance exists in NON PERSONAL SVCS. The exception is in PROFESSIONAL SVCS (705000s) and CAPITAL OUTLAY (707000's) accounts. Budget transfers for these items must first be processed prior to submitting on Banner. The requisitions will remain in NSF until funds are transferred to the account or overwritten by the budget office.

PUBLIC WORKS:
The Director of Facilities and Environmental Health will enter the requisition in Banner using the purchase order classification PW in the comment section on the
requisition form (FPAREQN). The PW will signify that the order is to be processed under the Public Works policy.

If the order/contract is to be processed using ULM’s public works policy, the classification of RE should be entered in the comment section of the requisition form (FPAREQN).

**RISK MANAGEMENT**

Commercial General Liability provides coverage for third party losses where the state is legally liable and also provides personal injury, wrongful acts, and other contractual and tort liability coverage.

Medical Malpractice provides coverage for all state health care facilities, staff and residents in private hospitals, and other individuals providing medical services on behalf of the state.

Automobile Liability and Physical Damage provides coverage for state-owned licensed, rented, leased vehicles used for state business.

Workers’ Compensation provides coverage for all state employees who have been injured during the course and scope of their employment.

Property provides coverage for first party losses to state buildings and contents, boiler and machinery equipment in which the state has an insurable interest.

Crime provides coverage for losses of money, securities, and other property damaged and/or stolen as a result of a crime committed by a third party. Bond provides similar coverage for losses caused by employees.

**Reporting an incident**

All incidents should be reported to either the police department or safety coordinator. An incident report is generated and sent to the following:

Medical Malpractice & Works’ Compensation – Human Resources
Commercial General Liability, Property, Crime, Automobile for third party – Purchasing
Automobile (university owned and rental) – Property Control

A report of the incident is forwarded to the Office of Risk Management in Baton Rouge for claims filing.

**HONORARIUM**

An honorarium is an *ex gratia* payment (i.e., a payment made without the giver recognizing themselves as having any liability or legal obligation) made to a person for their services in a volunteer capacity or for services for which fees are not traditionally required. An “honorarium” is offered strictly as a goodwill gesture to cover any travel, accommodation, or preparation time the invited professional person may have to incur in response to an invitation to speak, judge or act in some honorary capacity. Also art on loan and persons invited for a theater production are examples.

An “honorarium” amount shall be a reasonable estimate of the anticipated expenses to be incurred by the invited professional. Please complete a check request and charge to expense 705702. Give a full description of services rendered. A Social Security number of the individual will be required for payment of any individual.

If you receive an invoice for this services, then this is not considered an honorarium. Complete a contract in accordance with the procedures for contracts. Purchasing shall be consulted at least 14 days in advance of the event for agreement to pay an honorarium. Grants and contracts may need to verify if charged to restricted accounts.

If the individual is a non-US citizen with or without a social security number, then notification and consultation with the Purchasing department must be made at least (60) days prior to the event or work to investigate whether the non-US citizen will require taxes to be deducted from the honorarium, or qualify with the government to receive a honorarium.

If you have questions, please call 5205, fax to 5218 or email to clay@ulm.edu or rodgers@ulm.edu.