

# **INSTRUCTIONS FOR PURCHASING**

## **INTRODUCTION**

**This booklet is intended to benefit those employees who are involved in the requisitioning of supplies and services within the University. It should serve as a reference source for official policies and procedures and also serve the vital function of informing personnel of the proper requisitioning procedures. Due to the constant changes in laws, regulations, policy, etc., it would be impossible to cover every requirement or situation involved in the purchasing process. This material is being made available in a form more responsive to change and only provides brief guidance for the normal process and is subject to change at any given time. If a specific type of process, or requirement, is not covered in this booklet, please contact the Purchasing Department for the information.**

**This booklet can be found on our website along with additional forms. All forms referenced in this manual can be obtained from the website listed below. Please visit our website at [WWW.ASUN.EDU/PURCHASING](http://WWW.ASUN.EDU/PURCHASING)**

## **PURCHASING**

### **PURCHASING AUTHORITY**

All purchases, rentals, leases, and lease/purchases to which the University is a party are subject to regulations and procedures as stipulated in Arkansas statutes. All types of purchases from University accounts are subject to these regulations and procedures and require prior approval of the Purchasing Department. The Purchasing Official is the sole purchasing authority for the University. Purchases not authorized by this authority are not legal obligations of the University. *Any individual making a purchase without proper authority first being given is assuming a personal obligation to the vendor for which he/she may be held personally liable.*

### **PURCHASE REQUEST PRIOR TO ANY COMMITMENT**

Accountability is a must; *documentation must be approved by the Purchasing Department prior to any commitment that would result in the expenditure of funds.* Individuals should use caution when researching or otherwise inquiring about services or products with any vendor. A simple conversation can sometimes be easily interpreted by a vendor/contractor as an obligation by ASUN for the product or service.

### **DISCLOSURE OF BENEFITS RECEIVED FROM CONTRACTS**

All personnel are to be informed that Arkansas Act 483 of 1979, as amended, requires any individual drawing a salary from a State Agency who has or obtains any benefit from any State or ASUN Contract with a business in which the employee or a member of his immediate family has a financial interest, shall report such benefit to the Department of Finance and Administration. This Act covers, in great detail, ethics in public contracting and the penalty for violation of any of the provisions. Persons having questions pertaining to this subject, no matter how minor, should contact the Purchasing Department for specific details. When suggesting a vendor on the purchase request form or bid list, do not list any known business in which ASUN employees have any known financial interest.

### **DISCLOSURE CERTIFICATION**

In compliance with the requirements of Governor's Executive Order 98-04 and the regulations resulting from such. Any Contract executed by the University, which exceeds \$25,000, shall require the contractor/individual to disclose information as required (see Appendix for an example of the form). A Purchase Order is considered a legal Contract. This requirement is for each individual transaction exceeding \$25,000.

## **MINORITY PURCHASING GOALS**

In accordance with ACT 698 of 1991, the University established a "Minority Purchasing Program" which supports the policy of the State of Arkansas to promote equal opportunity, as well as economic development in every sector. The University is committed to utilizing minority businesses in contracting to the maximum extent feasible. An annual procurement goal of ten percent (10%) business with minority firms has been established by ASUN. ASUN shall, within the limits of state statutes and regulations, pursue the award of a fair share of all contracts with minority businesses and shall encourage and assist minority businesses in the methods of doing business with this University. The ASUN Purchasing Department maintains a listing of all known minority vendors and reviews all "small orders" to identify any goods or services that can be procured from a minority vendor. When ASUN obtains goods or services by the use of the "competitive bid" process, at least one of the three or more bids considered shall be solicited from a minority business if a minority business is identified, which sells the type of commodity or service being procured. All employees of this University are encouraged to assist the Purchasing Department in this very important program. If you are aware of any minority firms that can provide goods or services to ASUN, please contact the Purchasing Department.

## **SMALL PURCHASE**

Purchases for most commodities and services totaling \$5,000 or less (Small Orders), including freight but excluding sales tax, may be made by the Purchasing Department without bid procedures; "capital improvements" will be treated the same but must include all cost such as tax, insurance, labor, etc., however, competition will be used to the maximum extent practicable. *Repeated small quantity procurement of like items to circumvent the \$5,000 limit is prohibited and will not be allowed.* Departments are advised to exercise prudent judgment in specifying items and entering a suggested source for purchase on the requisition. The Purchasing Department may determine that item(s) requested are available at better pricing from a source other than the suggested vendor entered by the requisitioner. However, before making a change of vendor on a requisition, the Purchasing Department will advise the department of the intended change. Any purchase request that is a "suspected" or "obvious" attempt to procure item(s) or services already received by a department will be returned.

## **ESTIMATED PURCHASE REQUEST**

On some occasions a requirement cannot be truly defined and the total cost cannot be determined at the initial date of need. In these type situations a Purchase Request with an estimated dollar amount should be processed to insure that all proper laws, regulations/procedures are followed and funds reserved to pay for the obligation. When the actual dollar amount of the need is determined a change can be made to the original estimate. These situations are rare but must be addressed prior to the beginning of an obligation.

## **INITIAL EQUIPMENT PURCHASES**

"Equipment" as defined for inventory purposes is "all tangible property with a total unit cost of \$500 or more and a normal usage of two (2) years." The dollar value designation of equipment is for formal inventory purposes but does not in any way relieve the departments of accountability for all State property under their control regardless of the dollar value. Items with a total unit cost of \$500 or less may require special consideration if they are part of, or used with a group or set.

Single items costing a total of \$500.00-\$2,499 will be expensed to the non-capital outlay account (350) and items costing \$2500.00 will be capitalized and will be expensed out of the capital account (400).

## **TYPES OF BIDS**

There are two (2) basic types of bids used at ASUN: Firm and Term.

**Firm Bids** are used when a fixed quantity of certain item(s) or service(s) are required on a one-time basis. Prices on "Firm" type bids are generally firm for only thirty (30) days.

**Term Bids** can be used for a period of time from three (3) months to one (1) year for item(s) or service(s) of a recurring nature. Quantities on "term bids" can be estimates of realistic usage for the time period covered with the prices remaining fixed. Departments are not locked-in to purchase the estimated quantities but can order more or less of the items at any time during the contract period. Orders can be placed by either a phone call or by a separate purchase order. This type of bid can be very helpful to some various departments who have recurring purchases of the same type items. Contact the Purchasing Department for details and current procedures.

## **BID PROCEDURES**

With a few exceptions, all purchases for commodities and services exceeding \$5,000 in total cost, not including sales tax, are subject to bid procedures that are to be performed by the Purchasing Department. Purchases for normal commodities and services that total over \$5,000, but not over \$25,000 will be awarded by use of **Competitive Bid** procedures. If the need is for a project that is classified as a "capital improvement project, those normally involving labor (such as installation of carpet), the Competitive Bid limit must be used for all requirements from \$5,000 to \$19,999.99. Competitive bidding is a method of procurement which requires obtaining bids by: (a) direct mail request, (b) fax, or (c) telephone to prospective bidders and obtaining written set prices of each item, or (d) electronic form, the electronic or fax form is preferred. This procedure can normally be accomplished within five (5) working days but can take longer depending upon the complexity of the product required.

Purchases totaling more than \$25,000 for normal commodities and services and \$19,999.99 for "capital improvements, require formal **Competitive Sealed Bid** procedures to be accomplished only by the Purchasing Department. This procedure requires a newspaper advertisement and takes a minimum of twenty (20) days, **normally longer**. Individuals requisitioning commodities and services of this nature should allow time for the above procedures when anticipating their departmental needs. The requisitioner is responsible for furnishing a detailed description for each item to be purchased and the names and addresses of any specific vendor(s) to whom they would like the bids submitted. The Purchasing Department will add to the list the names of vendors who have requested the opportunity to bid on that type of item or services.

## **EXCEPTIONS TO BID REQUIREMENTS**

There are a few circumstances and items for which Arkansas Purchasing Law provide exceptions to all or part of the bid requirements. Please note that failing to anticipate needs due to poor planning is not an exception. Certain purchases, which may be authorized by the Purchasing Official without bid procedures, are as follows:

1. Exempt Commodities and Services means:
  - a. advertising in newspapers, periodicals, and related publications, television, radio, and billboards;
  - b. animals procured for medical research;
  - c. commodities procured for resale in cafeterias, bookstores, canteens, and other similar establishments. However, such commodities procured shall not be sold or transferred to any agency with the intent of circumventing applicable procurement

- procedures;
- d. commodities procured from nonprofit workshops in accordance with SS 19-11-501 - 19-11-504;
  - e. fees, including medical and physician fees;
  - f. freight and storage charges and demurrage;
  - g. licenses;
  - h. livestock;
  - i. maintenance of office machines and technical equipment; technical equipment for maintenance purposes shall include, but not be limited to, medical, dental, laboratory, and health aid equipment; climate control equipment; elevators; musical instruments; communications equipment; data processing equipment; and specialized research equipment.
  - j. medical items requested by a physician;
  - k. membership in professional, trade, and other similar associations;
  - l. postage;
  - m. published books, manuals, maps, periodicals, films, technical pamphlets and copyrighted educational aids for use in libraries and for other informational or instructional purposes, in instances in which other applicable laws do not provide a restrictive means for the acquisition of same;
  - n. service of some visiting speakers, lecturers, and performing artists (see Professional and Consultant Services);
  - o. taxes;
  - p. travel expenses, such as room and board and transportation charges;
  - q. utilities;
  - r. retail gasoline credit card purchases;

NOTE: Exempt Commodities or services do not exclude the approval of a Purchase Request prior to the acquisition of such commodities or service.

2. Emergency procurement for the acquisition of commodities which, if not immediately initiated, will endanger human life, health, University property, or functional capability of the University. All emergency

procurement shall be approved in advance, whenever possible, by the Purchasing Official. When the emergency procurement is estimated to exceed \$5,000 in cost, a minimum of four (4) competitive bids, whenever possible, must be obtained.

3. Commodities obtained solely from a Federal Government Agency.

4. Items under State Purchasing Contracts. These items cannot be purchased from a source outside the University other than the contract holder.

### **STATE PURCHASING CONTRACTED ITEMS**

The following are examples of items which are under statewide "term contracts."

Commodities may be added to or deleted from this list at any time. **These items must be purchased only from the contract source.**

Air Conditioners/Heat Pumps

Ammunition

Automobiles (Trucks and Vans)

Copiers

Computers

Continuous Forms (Standard and Custom)

Custom and Stock Continuous Labels

Diploma Inserts and Covers

Index Tab Dividers, Custom Printed

Lamps/Ballasts

Envelopes, all

Office Supplies, General

Printing - some types of publications; Letterhead; Forms;

Snap-Out Forms, All

Software LAR

Supplies Warewashing

Telephones Instruments

Tires and Tubes

Toilet Tissue and Paper Towels

Video Recording Tapes

Xerographic & Printshop Paper

### **OFFICE SUPPLIES**

Nearly all office supplies, regardless of intended use, must be purchased from the ASUN Supplies Inventory or from the State Contract holder which is currently Office Depot. Office supplies and any other contracted items cannot be purchased from any other sources without prior approval of the Purchasing Department. As a convenience to departments, many office

supply type items are stocked by the ASUN Supplies Inventory. If the item is not in stock, you may request to place a special order for your department. Departments are advised that many items under contract are not available by choice of brand and/or model number. The contracts are awarded on goods meeting minimum specifications or on an "or equal basis."

## **PRINTING & DUPLICATION**

**All printing**, regardless of cost, must be procured through the State Contract, or bid procedures or by another approved State Agency. When printing is required from an outside source, a requisition with attached copy material should be sent to the Purchasing Department far enough in advance of your needs to allow time for the bidding process. Contact the Purchasing Department for the requirements on copy material. Note: ***State regulations absolutely prohibit the University from approving payments for printing that were not procured by authorized purchasing procedures.*** ASUN's current bid limit for printing projects is \$1,000. For those printing projects exceeding \$1,000 to \$25,000 must be processed by the Office of State Procurement. Allow 3 to 5 weeks for jobs \$1,000 to \$25,000. For those exceeding \$25,000 allow 5 to 8 weeks.

## **BUSINESS CARDS**

Business Cards and are available from the Arkansas Department of Corrections, All cards are thermograph type and the size of the Business Card is 2" x 3 1/2". Business card order forms are on the Purchasing website. When submitting a requisition for Business Cards, please attach a copy of this form to your requisition.

## **REGISTRATION FEES AND AIRLINE TICKETS**

All Purchase Request for registration fees or those involved with travel requirements, such as for airline tickets, must be approved by the ASUN Travel Administrator prior to being submitted to the Purchasing Department. An approved Request for Travel must be submitted to the Purchasing Department.

Purchase Request for Airline tickets **must contain the following** minimum information:

- a. Name of person traveling, name on ticket to be issued must match exactly the name on your driver's license or other type(s) of photo identification.
- b. Destination
- c. Date of departure and return
- d. Purpose of trip (conference, recruiting, etc)

All Purchase Request for registration fees must be accompanied by a copy of the registration form.

If purchased by the individual, he/she can be reimbursed for this expense by filing a Travel Expense Reimbursement Form TR-1. If tickets are to be procured with a Purchase Order, you must remember that **reservations will not be confirmed or tickets produced until the travel agency has received the approved purchase order** (the Purchasing Dept. calls each travel agency with the PO number as it is assigned).

### **FOOD CONTRACTED ITEMS OR SERVICES**

Requests for food service/catering needs may be procured from the current food services contractor serving ASUN. Faye Rubles is the current campus provider. A Food Service Request must be utilized for all food items, service or catering needs. The Food Service Request **must have the approval of the appropriate Vice President or Fiscal Officer**. The use of other food vendors requires an approved Inter-Departmental requisition.

After such Food Service Requests has been approved , it will then be submitted to Faye Rubles.

### **PETTY CASH**

The Business Office maintains a small Petty Cash Fund. Reimbursements should not exceed seventy-five dollars (\$75) for minor emergency purchases. **Only the original receipt(s) may be submitted for Petty Cash reimbursement.**

Petty Cash reimbursements must be made to the Business Office, Stacy Crofts, and must contain at a minimum the following information:

1. Name of person to receive the reimbursement;
2. Account number to be charged;
3. Invoice/receipt must display the vendor name;
4. Description of the item/service purchased;
5. Proof that the payment has been made in full;

Under **NO** circumstances may petty cash be used to:

1. Circumvent purchasing regulations;
2. Make payroll advances;
3. Make travel advances;
4. Reimburse travel;
5. Postage
6. Any items currently on State Contract.
7. Fuel

Please check with the Purchasing Department or Stacy Crofts prior to any transaction that would require expenditure from the Petty Cash Fund.

## **PROFESSIONAL AND CONSULTANT SERVICES**

Professional services consist of personal services, which are professional in nature, of an individual or individuals who are not employees of the State of Arkansas. The purchase of professional and consultant services up to \$5,000 can be accomplished by use of a Purchase Order. Services exceeding \$5,000 in fees require the utilization of a Professional/Consultant Services Contract and the Professional/Consultant Services justification form, in addition to regular purchasing procedures. These contracts are subject to review and advice by the Department of Finance and Administration, Legislative Council or Joint Budget Committee Review. Services exceeding \$25,000 are subject to review and advice by the Legislative Council. Departments are advised to contact the Purchasing Department for the current procedures and form requirements at least sixty (60) working days in advance of the need for such services involving expense from \$5,000.01 to \$25,000 and ninety (90) days in advance for those services involving expenses over \$25,000. A W-9 form must accompany each Purchase Request. With recent changes and the possibility of upcoming requirements related to the process and approval of these type contracts, it is advisable that a department should contact the Purchasing Department as soon as a need is known.

## **W-9 FORMS**

The W-9 form is the basis for establishment of "Vendor Maintenance" with the State of Arkansas. A Vendor Maintenance File must be established, or on file, with the Department of Finance and Administration prior to any payment being processed. W-9 forms must be completed by the individual or group desiring to do business with ASUN. Therefore, any Purchase Request directed to an individual or a group must be accompanied with a W-9 form that has been completed by the individual or group.

## **ASUN INVENTORY SUPPLIES**

The ASUN Inventory Supplies Stores is stocked with the most commonly used office supplies. It is located in the ASUN Bookstore and is open from 8:00 a.m. to 4:30 p.m. Monday through Friday.

**NOTE:** ASUN Inventory Supplies was established for "everyday use" and carries a large number of individual items, but due to space limitations it does have limited stock level. If your need is for a large quantity of an item(s) an individual order should be placed directly with the appropriate vendor.

## **PURCHASE ORDER CANCELLATION**

If it becomes necessary to cancel a purchase order, wholly or in part, the requisitioner should contact the Purchasing Department to determine if the order can be cancelled.

After determination is made that the order can be cancelled, the requisitioner shall come to the Purchasing Department and denote the reason on the receiving report copy.

### **DISAPPROVED REQUISITIONS/PURCHASE REQUESTS**

When the Requisition/Purchase Request forms are reviewed by the Purchasing Department and the proposed expenditure results budget deficit, a "Request for Budget or Budget Adjustment" form must be submitted. The Requisition/Purchase Request form will not be processed until the funding changes have been approved by the appropriate person/department.

### **RENTALS, LEASES, LEASE PURCHASE OF COMMODITIES/EQUIPMENT AND REAL ESTATE**

All rentals, leases, lease purchase contracts or renewal of any such contracts for commodities or equipment require prior approval of the Purchasing Department. Proposed written agreements should be submitted for execution along with a completed Requisition/Purchase Order form. In many instances it will be necessary to conduct bid procedures, as state law requires bidding on all but short-term arrangements for lease or rental of any tangible items. All contracts for the lease of a commodity that exceeds a cost of five thousand dollars (\$5,000) during the initial period of the contract shall be awarded on the basis of competitive bidding procedures. Any lease of a motor vehicle must have prior approval of the State Purchasing Director. All rentals and leases of real estate must be coordinated by Arkansas State Building Services. University needs should be identified and requested through the Purchasing Department. The request should be submitted to State Building Services ninety (90) days prior to the date the property is needed. They will review the request and act as agent for the University in negotiating the rental or lease of all property.

### **Pre-Payments**

The general rule for payment of commodities or services is to pay for them only after the receipt of such. In some unique situations pre-payments may be required for such items as postage, U.S. Government documents, association dues, registration fees, subscriptions, etc.

### **END OF FISCAL YEAR**

The end of a Fiscal Year (FY) is on June 30th of each year, thus the expenditure of funds for each FY must be made on or before this date. Before any actual expenditure is made, a Purchase Request must be processed and approved. The item(s) should be received or, in the case of a labor related project, the service/project must be completed.

The Purchasing Department receives an extremely large number of Purchasing Requests during the last two (2) months of the FY. Many of these requests are for very similar type needs. All departments must understand that their requirement(s) may be consolidated with other departments if the item(s) requested are of the same commodity or service class. On many occasions these consolidations will create a bid situation. This could result in the item(s) not being received or a service not being completed in time for the funds to be expended from that FY. Planning ahead on the part of departments will assure you of the best possibility of meeting your requirements and the expenditure made within the FY. See the paragraphs titled "SMALL PURCHASE" and "BID PROCEDURES".

Sufficient time is needed in order for your requirements to be processed, supplies/equipment received and payment made prior to the end of the FY. All Purchase Requests for equipment items or large amounts (over \$25,000.) of commodities should be received in the Purchasing Department ***no later than ten (10) weeks prior to the actual need, if the need involves labor allow twelve (12) weeks.*** It is suggested that each department maintain a list of needs at all times. If this list contains bid type items then suggested specifications must also be maintained.