

# **PROCUREMENT POLICIES AND PROCEDURES**

The following is intended as an informative guide to all individuals involved in requesting goods and services. This policy is developed for compliance with ACA §19-11-201 thru 1206; §91-4-1206; §15-4-301 thru 820; §22-8-101 thru 104; §23-61-601 thru 610; and Arkansas Tech University Board Policy.

## **ATU PROCUREMENT MISSION**

The Arkansas Tech University Procurement and Risk Management Services office is a service unit established to support the educational and research missions of the University. It is staffed by procurement professionals who have the requisite knowledge, skills and training to assist University personnel in the purchase of required goods and services. This expertise insures that procurement decisions will be made in the best interest of the University and in compliance with the State of Arkansas procurement law and University policies.

### **1. PURCHASING AND CONTRACTING AUTHORITY**

All purchases, rentals, leases, lease purchases, and contract services for Arkansas Tech University purchased using operating budget funds are subject to laws, regulations, and procedures and should be for the official business of the university. Procurement Services is the sole purchasing authority for the university. Purchases not authorized by Procurement Services are not legal obligations of the university.

### **2. CONFLICT OF INTEREST/PROHIBITIONS, VIOLATIONS, PENALTIES**

It shall be a breach of ethical standards for any employee to participate directly or indirectly in any proceeding or application, in any request for ruling or other determination, in any claim or controversy, or in any other particular matter pertaining to any contract or subcontract, and any solicitation or proposal therefor, in which to the employee's knowledge:

The employee or any member of the employee's immediate family has a financial interest;

### **3. PROCUREMENT**

This section is a guide for individuals responsible for requesting goods and services. It outlines the procedures for acquisition and relates these procedures to the necessary forms. These procedures should benefit those keeping departmental records of procurement transactions. It is important that procedures outlined in this section be followed, thus eliminating problems and resulting in a more efficient handling of departmental needs.

A. **Purchase Requisition.** Purchase Requisitions are created in Banner by authorized

individuals. Completed requisitions are routed by Procurement to the appropriate approver and a purchase order is generated before

**B. Purchase Order.**

1. The purchase order is a numbered document issued only by Procurement Services. The purchase order number serves as the identification number for the procurement from the time the purchase order is processed until final payment is made to the vendor. (The vendor relies on the purchase order, or at least a purchase order number, to fill and ship an order.)
2. One copy of the purchase order is sent to the ordering department. This copy is used to verify that shipment has been received and to authorize payment by Accounts Payable. When shipment is received, this copy is signed, dated, and forwarded to Accounts Payable.
3. Departments experiencing problems with a purchase order should contact Procurement Services at 479.968.0269. Procurement Services handles all changes to purchase orders.

**C. Invoicing and Payment.** All invoices should be addressed to and received in Accounts Payable. Accounts Payable cannot process payment without a signed departmental copy of the purchase order.

**D. Purchase Order Change.** A department may ask for a change or amendment to an outstanding purchase order. Procurement Services determines if a change is possible. The department must send a memorandum to Procurement Services or email routed through all required approvers indicating the purchase order number, vendor name, and the nature of the desired change. If allowable, Procurement Services will change the purchase order. If not, Procurement Services will notify the department. **A requesting department should not make direct contract with a supplier to change a purchase order without prior approval from Procurement Services.**

**E. Purchase Order Cancellation.** A purchase order may be cancelled if special circumstances require this action. The department must send a memorandum or email routed through all required approvers to Procurement Services indicating the purchase order number, vendor name, and a request to cancel. Reason for cancellation must be given as well. Procurement Services will then determine whether or not cancellation is possible. If not, the department will be notified. Otherwise, Procurement Services will cancel the purchase order. **Requesting departments should not cancel an order without prior approval from Procurement Services.**

**4. GOVERNING REGULATIONS AND POLICIES**

**A. Small Purchases.** Effective July 31, 2017 small purchases totaling less than \$20,000 may be made by Procurement Services without bid procedures, except for printing and state contract items. It is the responsibility of the requisitioning department to supply accurate vendor name, address, and pricing (including shipping cost) for all

requests for less than \$20,000. Although bidding is not usually required below \$20,000, departments are advised to exercise prudent judgment in specifying items and entering vendor information on the purchase requisition. Some vendors offer discounts to the university and Procurement Services may determine that an item or items requested are available at better prices from a source other than the vendor indicated by the department. It is the responsibility of Procurement Services to make final determination of the source of goods and services. However, before making a change of vendor, Procurement Services will advise the requisitioning department of the intended change. Upon request, Procurement Services will provide vendor information for any particular class of commodity or service.

- B. Bid Procedures.** With few exceptions, all purchases exceeding \$20,000 in total, excluding sales tax, are subject to bid procedures. All bids are the responsibility of Procurement Services. Individuals requisitioning items should not artificially divide their requests so as to avoid bid procedures. Purchases totaling more than \$20,000 but less than \$75,000 require competitive bidding. This procedure can be accomplished in one (1) to seven (7) working days. Purchases totaling more than \$75,000 require competitive sealed bidding, taking a minimum fourteen (14) working days to accomplish.
- C. Exceptions to Bid Requirements.** There are some commodities and services for which the law provides exception to all or part of the bid procedures. Please note that failure to anticipate needs due to poor planning is not reason for exception. The following are purchases which may be authorized by Procurement Services without the necessity of bidding:
1. *Emergency purchases.* When circumstances dictate that the immediate acquisition of commodities or services is necessary to prevent endangerment of human life, health, state property, or the functional capability of the university, an emergency exists and an emergency procurement may be initiated.
    - a. All emergency procurements must be approved in advance by the ATU procurement official. A department must submit a requisition along with an explanation of the emergency, and unless the emergency is critical, Procurement Services must obtain a minimum of three (3) competitive bids.
    - b. When time or circumstances do not permit prior approval, approval must be obtained at the earliest possible date. Requests for approval should be in writing and must include a requisition and a written explanation of the emergency. The written explanation must give specific reasons for determining that an emergency existed. The department must also include a copy of a quotation abstract with the request for approval. The quotation abstract must show the names of at least three (3) firms contacted in attempting to obtain competition.

- c. Emergency procurement can become the personal responsibility of individuals making the purchases.
2. *Proprietary or sole source purchases.* Sole source procurements are those which, by virtue of the performance specifications, are available from a single source. Brand name or design specifications are not sufficient justification for sole source. Such procurements may include but are not limited to the following:
- a. Requirements of performance compatibility with existing commodities or services.
  - b. Repairs involving hidden damages.
  - c. Requests for approval should be in writing and must include a requisition and an explanation of sole source. Sole source procurement must be approved in advance by the procurement official and the assistant vice president of finance and administration.
3. *Exempt commodities and services.* The following items are exempt from the bid procedures but must have a purchase order number before a commitment is made by the university:
- a. Advertising in newspapers, periodicals, and related publications;
  - b. Animals procured for medical research;
  - c. Commodities procured for resale in cafeterias, commissaries, bookstores, gift shops, canteens, and other similar establishments;
  - d. Commodities procured from nonprofit workshops in accordance with Act 405 of 1973;
  - e. Contracts with students;
  - f. Fees, including medical and physician fees;
  - g. Freight and storage charges and demurrage;
  - h. Licenses (does not include software licenses);
  - i. Livestock procured for breeding, research, or experimental purposes;
  - j. Maintenance on office machines or technical equipment;
  - 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 law does not provide a restrictive means for the acquisition of same;
  - n. Services for visiting speakers, lecturers, and performing artists;
  - o. Taxes;
  - p. Travel expense items, such as room, board and transportation charges; and
  - q. Works of art for museum and public display.

**D. Personal Reimbursements.** Reimbursement of out-of-pocket purchases, which are not

incurred as part of authorized travel, may be requested. Employees are cautioned that only urgent situations warrant use of personal reimbursement procedures. The purchase of printing and state contract items may not be reimbursed. Reimbursement can be made only to employees of the university. Contact the Controller's Office with any questions regarding employee reimbursement.

- E. **Blanket Orders.** A blanket order is a purchase order issued to one vendor for commodities or services to be secured or rendered over a specific period of time.

No state contracts items may be purchased on blanket orders.

No inventory items may be purchased on blanket orders (an item over \$1,000).

- F. **Rentals, Lease, and Lease Purchases.** All rentals, leases, and lease purchases of commodities require prior approval from Procurement Services. Procurement Services will secure a written agreement for execution after receipt of a purchase requisition. In those instances where policy has not been established and reasons for rental are not obvious, a memorandum of justification should accompany the requisition. Meeting temporary needs is one of the primary reasons for rentals without purchase options.

- G. **State Contracts.** "State contract" means a contract for the procurement of commodities or services in volume, awarded by the state procurement director. This means that state procurement has issued a bid for a commodity and an award is made to a vendor locking in a price for that commodity. If a mandatory state contract exists for an item, that contract must be used when purchasing.

- H. **Telecommunications, Data and Word Processing, and Computers.** Acquisitions of these products are subject to additional review and approval procedures.

1. *Telecommunications Equipment and Services.* Telecommunications equipment and services includes but is not limited to telephone sets, mobile (cellular) devices, telephone lines, voice mail, and toll-free 800 services. Telecommunications Equipment and Services requests (moves, adds, changes, disconnects, removals) can be made by contacting Procurement and Risk Management Services at 479.968.0269. Requests for VOIP service or trouble tickets may be submitted to the Office of Information Systems 479.968.0646.
2. *Data and Word Processing Systems, and Computers.* Computer purchases for Dell computer equipment require a Dell e-quote that is generated by the Office of Information Systems. Contact is made with OIS and an e-quote obtained and that number is placed on the requisition. Apple purchases require a proposal be generated by the requestor via the Apple for Education website <https://idmsa.apple.com/IDMSWebAuth/login.html?appIdKey=a747eeda10429061323c0b5d14a4937fe24fde503ea79cf9cf72a09b0d8f2434&path=/asb2b/init.do%3Fsegment%3DEDU-HIED&language=US-EN&segment=EDU-HIED> and the proposal number included on the requisition. Act 9463 of 1985 exempts Arkansas Department of Higher Education (ADHE) and the Department of Information Services (DIS) from review of purchases of data processing

equipment used solely for instruction and/or research as self-contained units in a laboratory setting regardless of cost.

- I. **Software Purchases.** All software purchases must be approved by the Office of Information Services. Approvals must be received before purchase orders will be issued.
- J. **Construction, Renovation, or Remodel.** ATU Construction Manager along with Facilities Management is responsible for all new construction, renovation, or remodel of all campus buildings and grounds, including all off-campus facilities. This responsibility covers everything from the construction of a new building to the relocation of an electrical outlet.

Any construction, renovation, or remodel project must follow construction guidelines. The process requires several layers of approval depending on the nature of the project, source of funds, and total estimated cost.

The bid limits for construction projects are \$5,000 and \$35,000 for sealed bid.

Always contact Procurement Services or Facilities Management for assistance in this type of request.

- K. **Procurement of Promotional Items.** Procurement Services frequently receives questions regarding the procurement of promotional items for distribution to employees, students, or the general public. Items requested range from pins, buttons and pens to tee shirts, sweatshirts, and plaques. Certain agencies, including ATU, have authorization to purchase items for promotional purposes by special language in the agencies appropriation acts. The use of these funds must be approved by the ATU Controller. The requestor is to contract the Controller's Office via email to request this approval.

Procurement of promotional items follows the same procurement rules as any other purchase request. The following are items that are NOT prohibited from procurement with state appropriated funds:

1. Plaques for student achievements.
2. Plaques for board or commission members upon termination of service on a board or commission.
3. Promotional items specifically authorized by language in a state or federal grant.
4. Items purchased, the cost of which is reimbursed by students.

- L. **Printing.** Printing is a service that requires special procurement procedures and is defined by ink applied to paper with a printing press. The production of digital copies does not constitute printing. These procedures are strictly governed by Arkansas Law and the Office of State Procurement. All printing regardless of dollar amount requires a

bid unless being performed by another state agency. The following steps should be used when requesting printing services:

1. If the request is being handled by a state agency, enter a requisition listing the state agency as the vendor and detailing the purchase in the line items of the requisition.
2. If the request requires a bid, enter a requisition leaving the vendor information blank, but listing a general description of the job and include an estimated dollar amount.

**M. Memberships.** Memberships are purchased using a P Card or check request submitted to Accounts Payable

**N. P Card Procurement** – Then Procurement Card is a Visa credit card issued by US Bank. PCards are used to purchase low dollar amount items, and to purchase from vendors that do not accept purchase orders. PCards are issued to employees with approval of the Department Directors, or College Deans and appropriate Vice Presidents. Purchases made on PCards must follow the Procurement Department policies and procedures. Monthly bank statements are reconciled by each cardholder, approved by the cardholder's supervisor. PCard logs along with the original receipts are submitted to Procurement Services. All PCard logs and receipts are audited by Accounts Payable and Procurement Services.