

## Purchasing Overview August 2010

### GENERAL POLICY

A requisition must be processed and approved before issuing a purchase order or confirmation of an emergency order involving materials or services from an external vendor with a cost exceeding \$5,000.

Requisitions should be initiated early enough to allow for routing through Departmental, Divisional, Pre-Audit, and Purchasing offices, and to give the vendor time for handling and delivery. This "lead time" may vary, depending on the cost of the item ordered, from a week to several months, contingent on required approval and the vendor selection process. The Purchasing Department should be consulted for guidance on lead-time for external purchases.

The purchasing card (see BSPPD #16) is the preferred method for obtaining commodities and services from external vendors for costs not exceeding \$5,000 (including freight and tax where applicable). If a department employee assigned a Purchasing Card is not available a department may purchase commodities or services of up to \$5,000 from vendors and process these transactions as direct charges, coding the vendor invoice for payment.

The processes for obtaining materials/services within the UW System are covered under BSPPD #10 and #14.

#### 1. Purchasing Card (BSPPD #16)

For purchases under \$5,000.

**Contractual Signature Authority:** All procurements that require a signed contract must be sent to the UW-Extension Purchasing Office, for proper signature authority regardless of dollar amount.

**Business vs. Personal Purchases:** UW-Extension employees are expected to use good judgment regarding the necessity and the appropriateness of all purchases charged to University Funds. I.E. no coffee makers, microwaves or refrigerators.

**Equipment:** Contact staff in the UW-Extension Purchasing Department or Divisional Business Office before purchasing any major equipment (furniture, fax machines, copiers, etc.) to find out if the item is available from a state/university contract or a minority vendor.

**Computers/Software:** Staff in the UW-Extension Purchasing Department or Divisional Business Office should be contacted prior to purchasing computer hardware and related peripheral equipment (printers, software etc.) to determine if there are contract or minority vendors who should be used. If the computer hardware/software will be installed on a local area network (LAN), contact the appropriate LAN Administrator to determine compatibility.

**Travel:** The PCard can be used for individual employee lodging. Meals are not allowed on the PCard. Individual employee meal expenses should be paid directly by the employee and reimbursed by submitting a Travel Expense Report form. Airfare charges and registration fees for employees can be paid using the PCard.

**Insurance and Risk Management:** Vendors performing the high-risk services listed below are required to have a certificate of insurance document on file in the UW-Extension Purchasing Department before services are performed. Please contact UW-Extension Purchasing Department or Divisional Business Office staff to determine if the selected vendor has a certificate on file or if a certificate needs to be obtained.

- Construction/Remodeling Services
- Custodial Services
- Day Care Services
- Manual Food Service
- Medical Services
- Recreational Services
- Security Services
- Transportation Services (of people)
- Travel Services (tours)

Certificates of insurance are also required from vendors prior to the start of technical services (i.e. electrical, mechanical, etc.) on state owned property or UW-Extension facilities.

## ITEMS REQUIRING INSTITUTIONAL APPROVAL PRIOR TO PURCHASING

- Air Conditioners, Heating and Ventilation Equipment
- Alarm Security Systems
- Alcoholic Beverages (Allowable if in compliance with UW System Travel Regulations XIV.F.2)
- Ammunition/Weapons
- Animals
- Architectural & Engineering or Design Services
- Cash Advance (ATM Machine)
- **Cellular Telephone Service**
- Computers
- Controlled Substances
- Copy and Fax Machines
- Cylinder Gases
- Drugs/Pharmaceuticals
- Entertainment
- Furniture and Carpeting
- Hazardous Materials Removal
- Legal Services
- Motor Vehicle Purchases or Leases
- Personal Services Payments to an Individual (A PIR form should be used)
- Printing Services
- Security Guard Services
- Space, Real Estate Leases & Rentals
- Temporary help agency services

**Contract and Minority Vendors:** The use of contract and/or minority vendors is strongly encouraged. Contact Purchasing Department staff or your Divisional Business Office for information on contract and minority vendors. Please refer to the UW-Extension Business Services (Purchasing) Web site for minority vendor information.

**Serial Purchasing:** The splitting of orders to circumvent State and University Purchasing procedures (which may require competitive bidding) is not allowed.

**Purchasing Card:** Again, the Purchasing Card is the most efficient and the preferred method of obtaining goods and services of up to \$5,000.

**Printing:** State rules regarding purchases of printing services from external (private) vendors are very restrictive, State Mandatory Printing Contracts or UW Printing Service Centers should be used for printing related services. All printing requires a Purchase Order. Printing approval is required for all printing \$50.00 or more.

## 2. \$5,000 - \$24,999 - Simplified Bid Process (BSPPD #13)

A purchase order is issued after obtaining a minimum of three quotes. The low bidder must confirm their quote in writing. One of the vendors solicited must be a minority vendor. If there is not a MBE available that should be noted. Although it is the responsibility of the Purchasing Department to obtain these quotes, if a department has already received written quotes from one or more vendors, processing will be expedited if the quotes are attached to the requisition. Only the Purchasing Department may authorize the actual purchase.

## 3. \$25,000 & Over - Official Sealed Bid Process (BSPPD #13)

Involves a structured, formal process that requires considerable advance planning and interaction between Purchasing and the department for which the purchase is being made. Purchasing staff involvement should begin early in the planning stage of the project. Purchases \$25,000 and over cannot be designated as a "sole source" non-biddable transaction without obtaining a waiver from the State Department of Administration (DOA). A DOA waiver is generally a difficult, time-consuming process that has no assurance of eventual approval. It is therefore recommended that this be avoided and the bid process be used to select an appropriate vendor. The department provides the specifications to Purchasing. A hardcopy of the specs should be attached to the requisition. An electronic copy of the specs should be emailed to Purchasing. The preferred format would be an Excel or Word File. Procedures that must be followed for purchases \$25,000 and over vary slightly between commodity and service purchases as follows:

**Purchases of Commodities** - The Purchasing Department will put together a bid package using the specifications provided by the department along with Boiler Plate Bid Language required by DOA. The bid will go through the official sealed bid process. This process requires publication of the request for bids on the State of Wisconsin WEB site ([vendornet.state.wi.us](http://vendornet.state.wi.us)) for at least 8 days and up to 4 weeks. Only after all of the above procedures have been completed can the purchase order be issued. This process requires approximately six weeks.

**Purchase of Competitive Services** - Purchases of competitive services require DOA approval before soliciting bids through the Official Sealed Bid Process as described above. Cost Benefit Analysis (CBA) needs to be done. Purchasing will work with the departments on the requirements of the CBA. This involves UW-Extension Human Resources Office notifying the appropriate Wisconsin State Employees Union of the University's intention to contract out services. This entire process takes a minimum of eight weeks.

#### 4. Academic Support Services Agreement (ASSA) (BSPPD #3):

ASSA's are used for Unique, Non-Competitive (Sole Source) Personal Services that support instruction/research/public service. Examples are writers, musicians, artists, speakers, and instructors.

- Can not be used for administrative services.
- Not used for IT projects. Those have to be run through the State IT contracts.
- Need very solid sole source justifications.
- Before trying to justify sole source, you need to really think about whether there is anyone else that can do this type of work.
- "Leader in their field" is not justification that they are sole source.
- Having used someone's services before, by itself, is not adequate justification.
- They are "the only one who does this" is not adequate justification. You need to expand on that and explain how you determined this.
- Former employees that are performing duties that they did while they were employed, should be payrolled.
- Note: just because something is sole source, doesn't mean that it's an ASSA. If it doesn't meet the other ASSA criteria, it would require a Governor's sole source waiver.

KEY: If you are going to purchase services over \$5,000, consult your divisional business office. They will tell you what direction you will need to go in.

#### 5. Bid Specifications:

The Department of Administration requires that specifications be written on a generic basis rather than using "brand name" specifications. Specifications should be written in a manner so that multiple vendors are given a fair opportunity to be considered in the acquisition process. Situations where the department has essentially committed to contract with a vendor before the bidding process may create tense, stressful, and embarrassing situations for all parties involved.

Through the bidding process, the Purchasing Department includes requirements that are crucial considerations for both the initial purchase and life cycle use of the equipment acquired. These include:

- delivery and installation of the equipment;
- interaction with other vendors in a multi-vendor transaction;
- technical documentation and instructions;
- financial stability of the vendor;

- expected performance standards;
- technical consultation ability and rates;
- training on use of the equipment;
- support and upgrades;
- repairs and maintenance;
- compatibility and integration with other equipment;
- pricing and availability of equipment options, expansions and upgrades;
- references of current users in similar environments;
- financing options and considerations.

## **6. Signature Authority:**

Contracts to procure commodities/services on behalf of UW-Extension must be signed by authorized Purchasing Department staff. Departments should use the Contract Signature Request Form for submitting contracts to Purchasing.

The unauthorized signing of contracts may pose personal liability to the employee signing the contract since they are not acting within the scope of their employment.

Many contracts require a modification of certain clauses in the contract. These may include: (1) hold harmless and indemnification clauses; (2) provisions for payment of taxes; (3) late fees and interest clauses; and (4) payment of legal fees in the event of contract disputes.