

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 University of Arkansas Board Policy.

UALR PURCHASING MISSION

The Office of Procurement Services is a service organization established to support the delivery of quality education to our students by providing faculty and staff professional and experienced guidance for the economical, timely, and effective acquisition of equipment, materials, and services.

1. PURCHASING AND CONTRACTING AUTHORITY

All purchases, rentals, leases, lease purchases, and contract services for the University of Arkansas at Little Rock, regardless of the source of 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

- A. No firm shall be eligible to sell to the university in any instance in which either the executive head of the university, the agency procurement official for the university, or the director of state procurement shall have financial interest. It shall be unlawful for any board or commission member or officer or employee of the state, or any firm with which any such person is connected, to sell to the state agency with which he or she is connected except in instances in which the price of such commodities is fixed by law, by an agency of government with which he or she is connected, or by a contract let by another state agency.
- B. The executive head, the agency procurement official, any other officer or employee of any state agency or the director of state procurement who shall knowingly violate any of the provisions of these regulations or the provisions of any applicable Arkansas statutes shall be dismissed from employment. Furthermore, any such officer, employee, board, or commission member who shall knowingly make any sale in contravention of the regulations set forth in any applicable Arkansas statute shall be fined in any sum not to exceed five thousand dollars (\$5,000) and/or shall be subject to imprisonment.

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 to designated Banner document approvers. Approved requisitions are routed to Procurement Services for processing.

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 501.569.3144. Procurement Services handles all changes to purchase orders.

C. **Invoicing and Payment.** All invoices should be addressed to and received in Accounts Payable. Departments should not be sent invoices. Accounts Payable cannot process payment without a signed receiving report and will contact departments about invoices without a receiving report.

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 and Open Market Purchases.** Effective August 16, 2013, small purchases totaling less than \$10,000 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 \$10,000. Although bidding is not usually required below \$10,000, 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 \$10,000 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 \$10,000 but less than \$50,000 require competitive bidding. This procedure can be accomplished in one (1) to seven (7) working days. Purchases totaling more than \$50,000 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 UA Little Rock 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. The quotation abstract must show the names of at least three (3) firms contacted in attempting to obtain competition.
 - 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 chancellor for finance.

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. Medical items specifically requested by a physician for treatment or diagnosis of patients in his care;
- l. Membership in professional, trade, and other similar associations;
- m. Postage;
- n. 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;

- o. Services for visiting speakers, lecturers, and performing artists;
- p. Taxes;
- q. Travel expense items, such as room, board and transportation charges; and
- r. 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. Paid receipts with a completed TR-1 must be submitted to Procurement Services. A description of each item purchased must be on the claim form.

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.

1. *Restrictions.* Because the university is required to purchase certain items on state contracts and because printing is subject to bidding, Procurement Services enters the following statement on all blanket orders for small purchases:

“This is a blanket order for the purchase of expendable commodities (no state contract or printing allowed) during the period _____.”

If an individual purchases a contract or printing item against a blanket order, that individual will be personally responsible for payment. Furthermore, UA Little Rock inventory policies prohibit the charging of capital equipment and furniture to a blanket order.

2. Authorized for purchase. The following statement also appears on all blanket orders for small purchases:

“Only the authorized persons indicated may sign for purchases and each purchase must be accompanied by an individual release order.”

Departments must indicate on the purchase requisition the person(s) authorized to sign release orders. The release order must be completed by the department prior to purchasing against a blanket order for small purchases. It is also the form that permits a vendor to allow a charge against a blanket order when signed by an authorized individual.

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. The vendor awarded the contract **must** be used when purchasing state contract items.

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, VoIP services, and toll-free 800 services. Telecommunications Equipment and Services requests (moves, adds, changes, disconnects, removals) can be made by contacting Information Technology Services at 501.916.3011, or by submitting a request at <http://ualr.edu/itservices/help/#self-service>. The purchase of telecommunications equipment or services may involve several departments and may be required several layers of approvals before requests are placed with Information Technology Services.
2. *Data and Word Processing Systems, and Computers.* All computer requests require review and approval. Information Technology Services has made most computer purchases simpler by standardizing computer choices. To review and select one of the standard computer models to go <https://www.dell.com/sts/passive/commercial/v1/Autologin/Authenticate?id=IjEwMDkxNDE1Ilg%3d%3d>. Departments can contact Information Technology Services to request assistance in making computer related decisions. Departments should obtain a Computer Equipment Procurement Request (CEPR) form by going to http://ualr.edu/itservices/files/2013/08/computer_equipment_procurement_20140207.pdf. Information Technology Services will assist departments with completing the CEPR form. A completed CEPR that includes the purchase requisition number must be submitted to Information Technology Services for final review and approval.

The approved CEPR and purchase requisition number is forwarded by Information Technology Services to Procurement Services. If bidding is necessary, bids will be conducted. If bidding is not necessary, Procurement Services will issue a purchase order.

If a request requires approvals other than Information Technology Services approval, Information Technology Services will forward the request(s) through appropriate channels. Upon receipt of all necessary approvals, the CEPR and purchase requisition number will be forwarded to Procurement Services. Special consideration has been granted to institutions of higher education in the procurement of computer and computer related equipment. 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.

3. *For Special Requests Involving Learning and Research.* The requesting department must send a completed CEPR and purchase requisition to Information Technology Services. The CEPR must include a statement that the data processing equipment is for instruction and/or research only and that the unit/system is stand alone and will not be connected to the UA Little Rock central computers or communication network. Information Technology Services will verify this information. Information Technology Services will then secure campus approval and forward the CEPR and purchase requisition to Procurement Services for procurement.
- I. **Construction, Renovation, or Remodel.** UA Little Rock 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.

All purchase requisitions from departments that are for construction, renovation, or remodel or for products that will require construction, renovation, or remodel for their installation will be directed to Facilities Management for approval.

The purchase of construction, renovation, or remodel is a very special procurement. The process can require several layers of approvals depending on the nature of the project, source of funds, and total estimated cost.

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

- J. **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 UA Little Rock, have authorization to purchase items for promotional purposes by special language in the agencies appropriation acts. These funds are controlled at vice chancellor level. Contact your vice chancellor for authorization of promotional item requests.

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.

K. **Printing.** Printing is a service that requires special procurement procedures. These procedures are strictly governed by Arkansas Law and the Office of State Procurement. The following steps should be used when requesting printing services:

1. Contact UA Little Rock Printing Services to see if they can handle your printing needs. Printing services provided by UA Little Rock Printing Services do not require a purchase order or the bidding process.
2. Printing services provided by another state agency do not require competitive bidding. Departments must submit a requisition listing the state agency as vendor.
3. Printing services from someone other than UA Little Rock Printing Services (or other state agency) must be processed by Procurement Services, as follows:
 - a. Submit an approved purchase requisition to Procurement Services.
 - b. Printing specifications must be clear, precise and consistent with industry standards. Procurement Services can assist in developing your specifications.
 - c. All purchases of printing services must be competitively bid regardless of cost.
4. Procurement Services is allowed by delegation order to competitively bid requests for printing services for \$10,000 or less.
5. All requests for printing services greater than \$10,000 are forwarded by Procurement Services to the Office of State Procurement for processing.

L. **Payment Enclosed.** Procurement Services receives a number of requisitions that are referred to as “payment enclosed,” transactions that require minimal processing. The procedures followed with “payment enclosed” requisitions are to review the type of purchase, check the dollar value, check for authorized approvals, and check the availability of funds.

The bulk of the “payment enclosed” are memberships/dues, subscriptions, or requisitions with order form/invoice attached. Memberships/dues and subscriptions are accompanied by an enrollment or subscription form. Requisitions with order forms or invoices attached are allowed when vendors require payment with the order. Payment enclosed and invoice attached transactions are reviewed closely for compliance with state procurement laws.

Reimbursements are processed in the same manner as “payment enclosed.” Employees should contact a buyer in Procurement Services before purchasing items to prevent buying an item that is not reimbursable. The employee can submit a Reimbursement Claim Form with receipts to receive reimbursement. A check will then be made payable to the employee. Keep in mind that these transactions are reviewed to make sure that purchasing regulations are followed.

After Procurement Services has reviewed the requisitions for “payment enclosed,” they are forwarded to the Accounts Payable office for payment. Purchase orders are not printed; therefore, a copy will not be received at the ordering department. Budget reports and on-line review can be used to follow payment of “payment enclosed.” If necessary, call Procurement Services (501.569.3144) for help with on “payment enclosed.”