

OKLAHOMA STATE UNIVERSITY INSTITUTE OF TECHNOLOGY
POLICY & PROCEDURES LETTER

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| Purchasing | 3-022 FISCAL SERVICES July 2009 |
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INTRODUCTION AND GENERAL STATEMENTS

- 1.01 The purchasing policy for Oklahoma State University Institute of Technology is designed to provide uniform procedures that are consistent with university purchasing policy and that permit the timely and efficient procurement of materials, equipment and contractual services.
- 1.02 The purchase by Oklahoma State University Institute of Technology is conducted in accordance with four levels of governance.
1. Board of Regents Policies and Rules
 2. State of Oklahoma Statutes
 3. Oklahoma State University Policies and Procedures (3-0145 and 3-0147).
 4. Departmental policies and procedures where applicable.
- 1.03 Scope - These procedures apply to the purchase of all materials, equipment and contractual services.
- 1.04 Responsibility - It is the responsibility of each employee involved in the procurement process to understand the procedures and apply them correctly.

POLICY

2.01 AUTHORITY TO APPROVE PURCHASES

- A. Authority delegated to Oklahoma State University Institute of Technology: By delegation from the OSU System CEO/President, the campus President is authorized to make direct purchases of supplies, materials, equipment and services when the dollar value is \$10,000 or less. All other purchases must be initiated by requisition and are made only by issuance of a purchase order signed by the Director of Purchasing at Oklahoma State University - Stillwater.
- B. Delegation to Oklahoma State University Institute of Technology Departments: The Oklahoma State University Institute of Technology President further delegates the authority for direct purchases to Oklahoma State University Institute of Technology Department Heads and/or Unit Leaders. Within certain limitations, authority to make direct purchases and to initiate requisitions is granted by the President to appropriate unit leaders for their cost centers only,* on the basis of function and types of funds expended. These stated limits apply with

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all other authority to make purchases or initiate requisitions reserved by the President:

** Appropriate unit leaders with responsibility for the resale operations may initiate requisitions, for those operations only, without prior approval by the President. The President's signature is still required on the requisition.*

2.02 PURCHASING METHODS

- A. Oklahoma State University Institute of Technology procures goods and services through Small Dollar Purchases and Requisition/Purchase Orders.
- B. Dollar Limits/Requirements:
 - \$0 to \$2,500 - Small Dollar Purchase
 - Over \$2,500 - Requisition/Purchase Order
- C. In conjunction with small dollar purchases, the Oklahoma State University purchasing card (P/card) program establishes the rules for use by designated University employees. These rules cover the use of commercial purchase cards to facilitate the acquisition of lower dollar goods and services needed to conduct official University business. Purchasing Card Training is required before the card can be issued to any employee. The cardholder is responsible for and accountable to the University for all charges made with the P/card.

2.03 SMALL DOLLAR PURCHASES:

This program is designed for departments to purchase items that do not exceed \$2,500.

*This amount must be all inclusive, including freight or any other related charges. In general, there are two methods of making these purchases.

- 1. Small Order - the "Small Order Purchase" system provides departmental authority for qualified purchases of \$500 or less when the purchase card (Pcard/credit card) is not accepted.
- 2. Purchase Card - to be used by departments for qualified purchases of \$2,500 or less. This amount must be all inclusive, including freight or any other related charges.

2.04 REQUISITION/PURCHASE ORDER:

A procurement request from the ordering department initiates this method for purchase of items greater than \$2,500.

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2.05 PROCUREMENT REQUEST

Communicates departmental requirements along with specifications and supplier listing. From this a requisition is created for the purpose of obtaining quotations and/or bids for issuance of a purchase order.

2.06 **\$0 to \$500**

Where a vendor does not accept the purchase card, a “Coded Invoice” (A#) after purchase of the small order is submitted to the Purchasing Office. This amount/limit must include freight if/where applicable. Blocks of Small Order numbers may be obtained by contacting the Purchasing Department.

Up to \$2,500

Purchase Card is used when applicable. Departments are encouraged to obtain quotes from several vendors prior to purchase. Inclusive of freight, shipping verification is included and to ensure FOB-Destination. Where a vendor does not accept purchase card, an invoice attached to procurement request is sent to purchasing for payment processing on a requisition.

\$2,500.01 - \$5,000

Send a procurement request and a single written quote* (this creates a requisition made out to a written quote supplier to Purchasing to request informal quotes and send out order; takes approximately 2 to 4 weeks to process)

** Written quotes should be provided on the supplier’s letterhead/form and contain a date, signature, F.O.B. Oklahoma State University Institute of Technology (include freight), and federal employer identification number for the supplier.*

\$5,000 - \$10,000

Send a procurement request with specifications and supplier listing (this creates a requisition made out to your preferred supplier) to the Purchasing Office to be sent out for quotations. Purchasing sends the results to the ordering department to review and recommend awards and then sends out the purchase order; takes approximately 4 to 6 weeks to process.

\$10,000 or More

Send a procurement request with specifications and a supplier listing (this creates a requisition made out to your preferred supplier and specifications to go to Stillwater Purchasing to be sent out for formal bids. Oklahoma State University Institute of Technology receives results to review and recommend awards; Oklahoma State University – Stillwater then sends out the purchase order. This process takes approximately 4 to 6 weeks to process.)

\$5,000.01 - \$35,000

Board of Regents Policy requires Purchasing to obtain quotations.

Over \$35,000

Board of Regents Policy requires Purchasing to obtain competitive sealed bids.

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Greater than \$150,000

Regardless of funding, advance approval by the Board of Regents is required.

2.07 Specific procedures apply to:

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| Carpeting | Professional Services |
| Credit Cards | Rental & Lease of Equipment |
| Computers | Repairs to Buildings |
| Emergency Orders | Repair of Equipment |
| Insurance | Sole Source Purchases |
| Maintenance Agreements | State Contract Purchases |
| Office Supplies | State Surplus Property |
| OSU Contract Orders | Used Equipment |
| Printing & Duplicating | Vehicle Supplies & Repairs |
| Professional Services | Other |
| Rental & Lease of Equipment | |
| Repairs to Buildings | |

2.08 Exclusions - Certain types of purchases are prohibited and must be made by requisition or require additional processing. These types of purchases may not be made through the small order system. The following list identifies those excluded purchases:

| Prohibited Purchases | Must be ordered by Requisition | Must be routed through other departments |
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| Gifts including cards & flowers | Maintenance/Rental/Lease Agreements greater than \$2,500 for the fiscal year. | Subscriptions or Periodicals (by Library only) |
| Postage | Rental or Lease of Equipment | Computer Hardware and Software (reviewed by Computer Information Services) |
| | Buildings or Land | Off-Campus Print Jobs (by campus Copy Center) |
| | Insurance | Merchandise available in the Bookstore or General Store should be purchased there whenever possible |
| | Purchases from University or State Employees Supplier Quotations \$2,500.01 and above | Repairs of Equipment (by Purchasing Office, Oklahoma State University Institute of Technology) Expenditure of Grant or Plant Funds Ledgers 5 & 7 (should be reviewed by the Project Director and/or Purchasing, Oklahoma State University Institute of Technology) |
| | Payment for Professional Services and Honorariums | |

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PROCEDURES

3.01 SMALL ORDER PURCHASES

- A. Design - The small order system is limited to purchases with a dollar value of \$2,500 or less and is based on the following features:

A#'s and P/Card Purchases

- 1) All orders require the issuance of a purchase order number (prior to purchase). Purchase Order A#'s are used for those purchases under \$500 where the vendor does not accept the P/card: the unit's administrative assistant maintains this log. OKM Purchase Order #'s for purchases up to \$2,500 are used where a vendor accepts the P/card: each individual cardholder may be assigned a block of these numbers by the unit's administrative assistant.
 - 2) These purchase order numbers are unique to the small order system and are controlled by a pre-numbered order log. The log, when completed, will contain all the required information concerning the purchase.
 - 3) Orders are placed over the counter or by telephone or by internet, whenever practical. However, a written purchase order may be issued if required by the supplier or if verbal orders are not practical.
 - 4) Approval and funding of invoices takes place at the unit level.
- B. User Responsibility - The success of the small order system is dependent upon strict adherence to university policies and procedures for its use. Invoices will be reviewed by Oklahoma State University Institute of Technology's Purchasing Office and order logs may also be requested for review. Violations will be reported to the appropriate administrator(s).
- C. Limit - The \$2,500 limit for a small order purchase is absolute and may not be exceeded for any reason (including shipping/freight, insurance, applicable taxes, etc.). Splitting purchases to stay below this limit or to avoid competitive bidding is a serious violation of the Oklahoma State University Board of Regent's Purchasing Policy.
- D. Assignment of Small Order Numbers (A#):
- 1) Small order numbers are assigned, by the Purchasing Office, Oklahoma State University Institute of Technology, to units through the use of a pre-numbered control log. The Small Order Log (Exhibit A) is the permanent record for these orders and the unit manager/administrative assistant is responsible for maintaining this log.

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- 2) OKM #'s are also assigned by the Purchasing Office at Oklahoma State University Institute of Technology to units through the use of a pre-numbered control log.
 - 3) Completed pages of the Small Order Logs are maintained in the unit for a period of not less than three (3) years. Contact the Purchasing Office before destroying any records and follow the university policy for record retention.
- E. Procedures for Using the Small Order System - Ordering units and cost centers must use the following procedures for direct purchases of \$2,500 or less.
- 1) Determine if the anticipated purchase is prohibited or conflicts with university policies. If it is determined that the anticipated purchase requires additional processing or must be done by requisition, it is excluded from the small order system.
 - 2) Select a vendor who can supply the needed items at a reasonable cost and obtain the following information:
 - a. A firm price quotation to include delivery charges (if delivery is required) as well as the date, federal employer's identification number, and name of the person making the quote. When appropriate, additional quotes from other suppliers may be requested for the purpose of making the best buy. (See attached sample Quotation Form-Exhibit L.)
 - b. Will the supplier accept a telephone order or is a written confirming order required? Telephone or counter orders should be made whenever possible and feasible. Written orders may be made on the telephone Quotation Form (Exhibit B).
 - 3) If the vendor does not accept the purchase card, issue the supplier the next sequential order number from the OKM Small Order Control Log and enter the required information on the log. If a written order was required the order number must be included on the order.
 - 4) The supplier should be given specific delivery instructions (if required) and should be requested to mail an original invoice directly to the ordering department. If merchandise is picked up by the department, the invoice may be obtained at that time. The invoice must include the department's order number and the vendor's Federal Employer's Identification Number (FEI#).
- F. Procedures for the Receipt of Merchandise - The ordering department is responsible for the inspection of all items to assure goods received are as specified and for contacting the supplier for correction if necessary. In the event of an impasse between the ordering department and the supplier, assistance may be obtained from the Purchasing Office, Oklahoma State University Institute of Technology. Do not pay invoices on merchandise intended for prompt return. Instead, contact the vendor for the credit memo to match with this invoice to

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allow payment of only the items kept. However, follow up on these invoices to keep suppliers paid.

- G. Procedures for Payment of Small Order Purchases - The ordering unit leader is responsible for the timely processing of small order invoices to include the authorization of payments. The following procedures must be used in that processing:
- 1) Audit each invoice for products received, pricing, extensions and the correct invoice total. Any discrepancies should be clarified and/or corrected with the supplier immediately.
 - 2) Check for a cash discount. If offered, deduct cash discount and any sales tax from the total. Circle the amount to be paid in red ink or highlight.
 - 3) Enter in red ink or highlight: the required account, funding, small order number, remittance name and address, Federal Employer's Identification number (FEI#), and amount information on the invoice. This includes the Oklahoma State University account number, subcode/object code, and the state funding information. (The most often used formats are shown on Exhibit M & O.)
 - 4) Match the Small Order Number to the Small Order Log and enter the required information on the Log.
 - 5) Submit the original invoice and two (2) copies (with the information above) to the Purchasing Office, Oklahoma State University Institute of Technology.
 - 6) See example Invoice in Exhibit C.

3.02 OTHER PURCHASES

- A. Purpose - To provide pertinent information regarding university policy and detailed instructions for making purchases other than Small Orders.
- B. Scope - Purchases in excess of \$2,500 and those excluded from the Small Order System.
- C. General - Purchases that exceed \$2,500 and those that are excluded from the Small Order system will require the preparation of a University Requisition. The Requisition will be prepared by the Oklahoma State University Institute of Technology Purchasing Office, but must be processed by University Accounting and Purchasing at Stillwater.
- D. Initiation of a Purchase - Units and cost centers initiate these purchases by completing a Procurement Request Form (Exhibit D), attaching the supporting paperwork and forwarding it to the Purchasing Office, Oklahoma State University

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Institute of Technology. Instructions for completing the transmittal form and the supporting paper work follow.

- 1) The procurement request should include a general description of the goods or services to be purchased.
 - 2) The account number to be charged must be listed on the form. If more than one account is to be charged, the others must also be listed and a dollar distribution made. Use the budget (estimate) amount for this distribution.
 - 3) The responsible Unit Leader and the President must sign the form. If the President's signature is missing, the form will be sent to his or her office for signature before a requisition is prepared.
 - 4) The appropriate attachments must be provided with the transmittal form. These may include any or all of the following:
 - a. A supplier quotation for purchases in excess of \$2,500. This quotation should include: Item descriptions, item costs, quote date, terms (including shipping), and a supplier signature on supplier letterhead.
 - b. A continuation sheet (Exhibit E) with detailed information including specifications (or reference to attached specifications) for all items to be purchased.
 - c. Specifications that include as a minimum a referential model number and manufacturer, all important operational features and any compatibility requirements. The specifications may be included on the continuation sheet or as a separate attachment. Use brochures only if these items are clearly marked. (Exhibit F)
 - d. Attach a supplier list that includes current addresses and contact people. Please indicate the preferred supplier by placing it first on the list. (Exhibit G)
 - e. If any item is to be restricted to one supplier or to one manufacturer only, then a Sole Source/Sole Product Affidavit (Exhibit H) must be attached. This form must be signed by the Unit Leader and the President.
 - f. Minutes from the meeting where student approval was given for the purchase of equipment utilizing Technology Fee monies.
- E. Requisitions - All requisitions (Exhibit I) will be prepared by the Oklahoma State University Institute of Technology Purchasing Office, based on the information from the procurement request and any attachments. Once this form has been completed and signatures secured, it will be forwarded to the Stillwater Accounting Office for further processing (for purchases above the delegated purchasing limit).

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- 1) The Stillwater Accounting Office will make the necessary funding checks and enter the requisition on the system. The requisition will then be forwarded to the Stillwater Purchasing Office.
 - 2) The Stillwater Purchasing Office will then process a purchase order as allowed, or as it is in most cases, obtain quotations or schedule competitive bidding. Quotation requests and competitive bidding takes approximately four weeks from the time a requisition leaves this campus until bids are opened. Once bids are opened, a bid evaluation package is sent to Oklahoma State University Institute of Technology for evaluation and recommendation.
- F. Bid Evaluations - Bids are to be evaluated by the ordering unit in consultation with the Purchasing Office, Oklahoma State University Institute of Technology. The "lowest and best" bid is selected and recommended in writing to the "buyer in charge" in the Stillwater Purchasing Office. The evaluation should meet all policy requirements of law and fairness. Based on an acceptable evaluation, a University Purchase Order will be issued. The University reserves the right in all cases to reject all bids and either re-bid or cancel the requisition.
- G. Purchase Orders - All purchases not allowed by the Small Order System must follow the procedures above and require the issuance of a University Purchase Order. The only person authorized by the Oklahoma State University Board of Regents to issue a purchase order of this type is the University Director of Purchasing for Oklahoma State University in Stillwater. The Stillwater Purchasing Office sends the Purchase Order direct to the supplier(s).

Under the delegated purchasing authority, granted to Oklahoma State University Institute of Technology (August 2004), purchase orders for qualified purchases not to exceed \$10,000 may be issued by this office following these same procedures for procurement, requisitioning and request for quotations.

Purchases between \$2,500 and \$5,000: Informal quotations will be required for purchases within this price range. After obtaining the proper documentation for these purchases within this price range, Oklahoma State University Institute of Technology Purchasing Department will process purchases orders for OSU Institute of Technology requisitions. *Requisitions within this price range may be processed through Purchasing Department at Stillwater if staffing or other issues would deem necessary.*

Purchases between \$5,000.01 and \$10,000 shall require competitive requests for quotations (RFQ) obtained by the Oklahoma State University Institute of Technology Purchasing Department. *Requisitions within this price range may be processed through Purchasing Department at Stillwater if staffing or other issues would deem necessary.* An RFQ form that has been approved by the Director of Purchasing at Stillwater will be used for this process.

Receiving Report (Exhibit J) is sent to the Purchasing Office, Oklahoma State University Institute of Technology. The Purchasing Office, Oklahoma State

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University Institute of Technology will retain the original in the Open Order File and send a copy to the ordering department. This is notification to that department that the order has been mailed to the supplier.

- I. Procedures for Payment of Orders Initiated by Requisition - All invoices for orders initiated by requisition will be submitted for payment using the following procedures:
- 1) The ordering department is responsible for authorizing payment of these invoices (Exhibit K). These invoices should be audited for products received, pricing and extensions. Any discrepancies should be clarified and/or corrected immediately. Approved (signed) invoices should be forwarded in a timely manner to the Purchasing Office, Oklahoma State University Institute of Technology.
 - 2) The Purchasing Office, Oklahoma State University Institute of Technology will attach the approved invoice(s) to the Receiving Report, noting the amount approved for payment and then forward it to the Stillwater Purchasing Office.

3.03 PURCHASING RECORDS

- A. Purpose - To identify the required purchasing records and those offices responsible for them.
- B. Scope - Records for all purchasing activities of the institution.
- C. Records - The required records and a description of their contents follow:
- 1) Open Order Files - These are temporary files consisting of all information and documentation relating to a specific order. They may include, but are not limited to the purchase request, the requisition or a small purchase order, quotations, invoices, packing list, and freight bills prior to final supplier payment.
 - 2) Closed Order Files - These are files containing all the information above and any additional information that may pertain to that purchase for procurements that have been finalized and supplier paid.
 - 3) Requisition Control Log - A pre-numbered log that contains certain information regarding a particular requisition number. Specifically it contains the vendor name(s), the account(s), a brief description of the purchase and cost. This log provides quick information to the Purchasing Office, Oklahoma State University Institute of Technology and the receiving station. (Exhibit N)
 - 4) Small Order Control Log - A pre-numbered log that contains mandatory information about each small order purchase. This log is to be maintained for three (3) years.

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- D. Responsibility - The responsibility for maintaining the records above will vary according to the type of order (small order or other). The following details that responsibility:
- 1) Open and Closed Order Files - The ordering department is responsible for those records relating to small order purchases, while the Purchasing Office, Oklahoma State University Institute of Technology will maintain those records for all orders initiated by requisition. The ordering department should maintain their small order records for the current three (3) year period but may maintain permanently. This may assist in moveable equipment inventory or in future orders.
 - 2) Requisition Control Log - The Oklahoma State University Institute of Technology Purchasing Office is responsible for this log.
 - 3) Small Order Control Log - The ordering department is responsible for completing and maintaining the Small Order Control Log containing their assigned numbers. This should be maintained for not less than three (3) years.
- E. Retention of Records :
- All records shall be maintained as prescribed in Oklahoma State University Institute of Technology Policy and Procedures Letter #1-014, *Records and Documents Retention, Security and Control*.

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