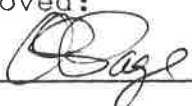


AUSTIN PEAY STATE UNIVERSITY
POLICIES AND PROCEDURES MANUAL

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| Policy Number: 4:015 | Supersedes Policy Number: 4:015 |
| Date: August 29, 1988 | Dated: June 29, 1988 |
| Subject: Purchasing | |
| Initiating Authority: Vice President for Finance and Administration | SBR Policy/Guideline Reference: 4:02:10:00, B-030 |
| Approved:  President | |

I. Introduction and Purpose

- A. Compliance with SBR and TCA - To insure compliance with State Board of Regents Policy Number 4:02:10:00 and various sections of the Tennessee Code Annotated, which are incorporated herein by reference, and to provide for administrative efficiency, the President of Austin Peay State University has delegated the authority and responsibilities for purchasing materials, supplies, equipment and services to the Director of Purchasing. The operation of the Purchasing Department is designed to relieve the faculty and other staff of most of the details connected with procurement.
- B. Applicability - Source of Funds - The purchasing policies set forth herein and the purchasing procedures cited herein are applicable in all cases, including funds expended which arise from State or Federal appropriations, student fees, grants, sales of services of educational departments, gifts and other sources.
- C. Authority of Departments Restricted - Only purchases authorized pursuant to the terms of this policy will be recognized for payment from the University's funds. Employees who make unauthorized purchases may be held liable by the vendor for payment for goods purchased outside this policy. Emergency purchases approved by an appropriate University authority and subsequently certified according to this policy shall become a liability of the University.

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| NO EMPLOYEE MAY OBLIGATE THE UNIVERSITY FOR MATERIAL, EQUIPMENT, SUPPLIES, OR SERVICES EXCEPT THROUGH THIS POLICY. |
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- D. Preliminary Vendor Contacts - This purchasing policy does not preclude a department from contacting vendors for preliminary information concerning price, quality, etc. Such preliminary contacts, however, are not to produce firm commitments. Original copies of letter estimates and other information relative to a purchase transaction should be forwarded to the Purchasing Department with the requisition.
- E. Limitations of Authority - The authority to purchase materials, supplies, equipment and services pursuant to this policy shall not include the purchase or lease of real property or data processing equipment, the purchase of insurance, professional or consultant services, or purchases for capital outlay projects from any fund source whatsoever, unless approved by the Chancellor or the President in accordance with SBR policies and guidelines. Goods and services may be procured without competitive bidding only if such purchases are justified in writing and approved by the President or Chancellor as required by SBR policies and guidelines. In cases where the SBR policies and procedures do not address a specific procedure for purchase of a particular item, the Department of General Services' rules and regulations will govern, if applicable.

II. General Purchasing Policy

- A. Competitive Bidding Required - All purchases of items for consumption by or use in the operation of the University shall be based upon the principle of open and competitive bidding. Whenever possible, all specifications for materials, supplies, equipment and services shall be worded or designed so as to permit open and competitive bidding for the supplying of the articles, commodities or services to which they apply. It will be considered open and competitive bidding if the specifications include a representative brand with the term "or equal." Whenever specifications are not so worded or designed to provide competitive bidding, or specify a single brand, the person responsible for the recommendation shall be required to justify the necessity for the specification in writing and the request shall be subject to approval by the Vice President for Finance and Administration.

Request to purchase any materials, supplies, equipment or services from a particular vendor as a "sole source"

or as a proprietary purchase must also be justified in writing and be subject to approval by the Vice President for Finance and Administration.

B. Exceptions - Transactions which may be processed as exceptions to the above are approved in the following instances:

1. State Surplus Personal Property System - Requests to purchase material from the State Surplus Property System may be made in the form of an official memorandum to the Vice President for Finance and Administration. If approved, a letter, which must be hand carried by the employee to the Surplus Property Office, will be issued to the Division of Surplus Property requesting property be released to the requesting employee in the name of Austin Peay State University.
2. State Purchasing Contracts - Through competitive bidding, the Tennessee Department of General Services, Purchasing Division, awards yearly contracts for goods and services to vendors throughout the United States. All state agencies are eligible and encouraged to purchase from these contracts without having to repeat the bid process at the local level. Copies of all contracts are in the University's Purchasing Department and an extra copy is located in the Woodward Library. When requested, and upon knowledge of market conditions, the Purchasing Department may issue purchase orders to contractors for goods and services under current state contracts.
3. Correctional Enterprises of Tennessee - Where the Department of Corrections produces or manufactures articles required by the University, purchase may be made without obtaining competitive bids provided the articles meet the reasonable requirements of the University. If the Department of Corrections produces or manufactures articles required by the University, and the articles have been certified by the Board of Standards to be satisfactory in quality, reasonable in price, and available; the purchase of those articles shall be from the Department of Corrections.
4. APSU Book and Supply Store - Requests for supplies costing not more than \$200.00 which are normally stocked or sold by the Book and Supply Store must be purchased through the Book and Supply Store and may be requisitioned on the departmental Book and Supply Store requisition. The APSU Book and Supply Store will accept a properly completed requisition

without approval of the Purchasing Department. Requisitions for all equipment, minor sensitive items, and supplies costing in excess of \$200.00 sold through the APSU Book and Supply Store are to be requisitioned through the procedure titled Purchase Requisitions.

- C. Purchases for Resale in Auxiliary Enterprises - Acquisitions of items for resale shall be based on the principle of competitive bidding. Textbooks and other course related materials may be purchased without formal bids or quotations. Certain items for which customers have expressed a preference, and/or new or promotional items procured under accepted retail merchandising practices may be purchased without formal bids or quotations. Appropriate documentation shall be maintained which supports the actions taken.

As used above, "customers" do not include University departments desiring to charge items to the institutional budget. Under no circumstances is the University Book and Supply Store to be used to circumvent normal purchasing policies and procedures.

- D. Purchases of Library Holdings - Purchases of materials for additions to Library Holdings shall be based on the principle of competitive bidding and include the cost of books, catalogs, periodicals, binding, audiovisual materials and other general publications. These items are capital expenditures, and these materials may be purchased without formal bids or quotations. Appropriate documentation shall be maintained which supports the actions taken.
- E. Purchases for Use by Auxiliaries and Libraries - Materials, supplies, equipment, and services which are identified for consumption by or use in the operation of Auxiliary Enterprises and Libraries shall be purchased in accordance with normal purchasing policies and procedures.
- F. Computer Systems - Acquisition of computer systems involving the purchase of hardware with the development of application software shall be acquired by using the multi-step sealed bidding procedures as described in the SBR guidelines and the APSU Purchasing Policies and Procedures on acquisition of data processing equipment/software/services.
- G. Emergency purchases of specific materials, supplies, equipment or services may be made on the open market without competitive bidding for immediate delivery only to meet bona fide emergencies arising from any unforeseen cause, provided that no such purchase may

exceed \$2,500.00 unless approved by the Chancellor or his or her designee (the request and approval may be made by telephone and confirmed in writing). All bona fide emergency purchases must be approved by the Vice President for Finance and Administration or his or her designee, and a written report on the circumstances of any such emergency justifying the purchase shall be prepared by the requesting department and maintained by the APSU Purchasing Department.

- H. Contract Limitations - No contract for the purchase of materials, supplies, equipment or services shall be awarded pursuant to these policies unless funds have been appropriated and are available for the purchase, and this purchase has been certified by the department to be the best use of the funds.

No contract shall be entered into in addition to the contract resulting from acceptance of a bid and issuance of a purchase order except pursuant to the State Board of Regents policies and guidelines and APSU Policy No. 1:010.

- I. Prohibited Transactions - No personal items shall be purchased through the University or from funds of the University for any employee of the University or any relative of any employee. No employee of the University responsible for initiating or approving requisitions shall accept or receive, directly or indirectly, from any person, firm or corporation to whom any contract may be awarded, by rebate, gift or otherwise, any money or anything of value whatsoever, or any promise, obligation or contract for future awards or compensation.

Whenever any contract is awarded contrary to the provisions of these policies and procedures, the contract shall be void and of no effect, and if the violation was intentional, the employee responsible for the purchase shall be liable for any state funds paid contrary to these policies and procedures.

- J. Exceptions to the policies and procedures established herein shall be subject to the approval of the Vice President for Finance and Administration. Exceptions to these policies and procedures which are also exceptions to the policies and procedures established in SBR Policy Number 4:02:10:00 shall be subject to the approval of the Chancellor of the State Board of Regents. Written documentation shall be required to support proposed exceptions before consideration will be given to a request for exceptions to APSU or SBR Policies.

- K. Appealing Purchasing Decisions - Decisions of the Director of Purchasing may be appealed to the Director of Budgets and Property Management, whose decision shall be final unless a subsequent written appeal is made promptly through the Business Manager to the Vice President of Finance and Administration which sets forth (1) all facts and circumstances relative to the case, and (2) the basis for making such appeal.
- L. Establishment of Procedures - The Director of Purchasing is responsible for the establishment and regulation of all procedures related to this policy. Such procedures will be maintained in the "Purchasing Procedures Manual" or the "Purchasing Department Operating Manual" and shall be subject to the approval of the Vice President for Finance and Administration.

III. Responsibilities and Functions of the Purchasing Department

- A. Purchase Materials and Services - To purchase materials, supplies, equipment and services for the various departments of the University in such a manner that the maximum value is obtained in the expenditure of University funds by buying at the lowest economical cost consistent with quality and required delivery. This goal is achieved by buying (a) the right quality for the intended use; (b) at the right price; (c) in the right quantity; and (d) at the right time.
- B. Maintain Vendor Relations - To insure that qualified suppliers are given equal opportunity to furnish goods and services to the University.
- C. Expedite Delivery - To expedite the delivery of material to meet the requirements of the using departments (when so requested by the departments).
- D. Correspond with Suppliers - To process all correspondence with suppliers regarding quotations and purchase orders and to handle complaints, claims and adjustments and to negotiate for the return of material or arrange for other settlements when necessary.
- E. Establish Specifications - To establish standard specifications for materials and supplies commonly used by the University, and to review and approve specifications prepared and recommended by departments.
- F. Volume Purchasing - To consolidate purchases wherever possible to obtain quantity discounts.

- G. Dispose of Surplus - To dispose of all materials and equipment which have been declared surplus or obsolete by the appropriate administrative personnel.
- H. Furnish Cost Estimates - To furnish, on request, prices or estimates of cost of materials and services required by departments.
- I. Businesslike Operations - To operate in a businesslike and ethical manner.
- J. Budget Control - To assist with budget control by confirming that funds are available in the appropriate budget account and the correct expenditure classification to fund the proposed purchase and to encumber funds for all purchases on a timely basis. (Where it has been determined that funds are not adequate to support the proposed purchase, the purchase requisition shall be returned to the originating department on a timely basis.)
- K. Maintain Documentation - To maintain a complete written record of all procedures and justifications on each purchasing transaction in order to provide a clear audit trail.

IV. Responsibilities and Functions of Requesting Departments

- A. Prepare Purchase Requisitions in conformance with prescribed procedures.
- B. Recommend Performance Specifications to the Purchasing Department.
- C. Anticipate Requirements - To provide reasonable lead time by anticipating departmental needs in order that the purchasing process may be allowed to function in an orderly manner and on a timely basis.
- D. Justify Exceptions - To provide justification as required to support sole source acquisitions, brand name specifications, proprietary bids, the acceptance of other than low bid on competitive bids and any other justifications that may be required by proper authorities.
- E. Provide Requirements Assurances - To provide assurance that all contract and/or grant requirements applicable to the proposed acquisition have been met.
- F. Provide Necessity Assurances - To provide assurance that the requisitioned items are needed by the requisitioning department; that, when the total

budgeted funds for the requisitioning department and other departmental needs are considered, the filling of the requisition would represent the best expenditure of funds for the department, and; funds are available within the departmental budget for the approximated expenditure.

- G. Knowing Policies and Procedures - Maintaining an awareness of the University's policies and procedures.