


# AUSTIN PEAY STATE UNIVERSITY POLICIES AND PROCEDURES MANUAL

Policy Number: 4:015	Supersedes Policy Number: 4:015
Date: July 1, 1990	Dated: August 29, 1988
Subject: Purchasing	
Initiating Authority: Vice President for Finance and Administration	TBR Policy/Guideline Reference:  4:02:10:00, B-030, B-035
Approved:  President	

## I. Introduction and Purpose

- A. Compliance with TBR and TCA - To insure compliance with Tennessee Board of Regents Policy Number 4:02:10:00, Guidelines G-030 and G-035 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.
- 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 and the Austin Peay State University Purchasing Policy and Procedures Manual 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.

**NO EMPLOYEE MAY OBLIGATE THE UNIVERSITY FOR MATERIAL, EQUIPMENT, SUPPLIES, OR SERVICES EXCEPT THROUGH THIS POLICY AND THE POLICIES AND PROCEDURES CITED HEREIN**

- 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 the purchase of ANY goods utilizing a capital lease/purchase agreement unless approved by the Chancellor, or purchases for capital outlay projects from any fund source whatsoever, unless approved by the Chancellor or the President in accordance with TBR policies and guidelines. Goods and services may be procured without competitive bidding only if such purchases are justified in writing and approved by the Chancellor or President or his or her designee as required by TBR policies and guidelines. In cases where the TBR 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. Specifications shall state performance expectations whenever possible. It will be considered open and competitive bidding by utilizing one of the following purchasing techniques:
1. Specifications based on brand names and product numbers - Reference to brand names, trade names, model numbers or other description peculiar to specific brand products is made to establish a required level of quality and functional capabilities; it is not intended to exclude other products of that level. Comparable products of other manufacturers will be considered if proof of comparability is contained in the bid. It shall be the responsibility of the vendors, including vendors whose product is referenced, to furnish with the bid such specifications, catalog pages, brochures or other data as will provide an adequate basis for determining the quality and functional capabilities of the product offered. Failure to provide this data may be considered valid justification for rejection of a bid;
  2. Specifications based on standard specifications;
  3. Specifications based on qualified products lists;
  4. Specifications based on catalogs, price lists, or price schedules;
  5. Multi-step sealed bidding - The use of a multi-step sealed bid process is required in the acquisition of institutional computer systems involving the purchase of hardware and the development of application software. The multi-step bidding process may also be used for the procurement of other products and/or services, when it is not practical to prepare initially definitive specifications which will be suitable to permit an award based on price.
- B. Special Purchase Categories - Purchases of items on a sole source or proprietary basis may be allowed pursuant to the following:
1. Sole source purchases are made only when the items are unique and possess specific characteristics that can be filled by only one source.
  2. Proprietary products are those manufactured and marketed by a person or persons having the exclusive right to manufacture and sell the products. Marketing is generally controlled by franchises that may include competitive sales at wholesale and/or retail levels. When it is found that bids may be obtained from different franchises, bid invitations must be issued unless the purchase price is less than \$500.00.

3. Factors to be considered in sole source and proprietary purchases include the following:
- a. Whether the vendor possesses exclusive and/or predominant capabilities or the items contain a patented feature providing superior utility not obtainable from similar products.
  - b. Whether the product or service is unique and easily established as one of a kind.
  - c. Whether the program requirements can be modified so that competitive products or services may be used without unreasonable damage to the program.
  - d. Whether the product is available from only one source and not merchandised through wholesalers, jobbers, and retailers.
  - e. Whether items must be interchangeable or compatible with in-place items.
  - f. Whether the cost of conversion, including but not limited to disruption, re-training, and replacement precludes bidding competitively.
  - g. Whether the product is to be used in an instructional setting and the intent is to provide instruction on the specific product or diversity of products.
  - h. Other justifications as approved by the President or his or her designee.

4. Approvals - 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. Requests 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.

All authorized sole source acquisitions may be procured utilizing non-competitive negotiation.

C. Multi-Step Sealed Bidding

The use of a multi-step sealed bid process is required in the acquisition of institutional computer systems involving the purchase of hardware and the development of application software. The multi-step bidding process may also be used for the procurement of other products and/or services, when it is not practical to prepare initially definitive specifications which will be suitable to permit an award based on price. When used, multi-step sealed bidding will be accomplished in accordance with terms of this procedure, the APSU Purchasing Policy, and TBR Guideline B-035 - Procedures for Multi-Step Sealed Bidding.

1. In the Request for Quotation, the Purchasing Department shall provide the bidder with information describing the functional requirements of the system, purpose of procurement, technical requirements of the system, purpose of the procurement, technical requirements, bidder qualifications, and any other information considered relevant to the goods or services being acquired.
2. The bidder shall submit a technical offer sufficient in detail so as to constitute the technical specifications of the purchase.

3. As specified in the Request for Quotation, all technical offers must be received by the University at the designated time and will be opened in the same manner as a competitive sealed bid. Technical offers shall not be made public until the inspection period following evaluation of the bids submitted with prices.
  4. Acceptability of technical offers shall be determined by an evaluation team appointed by the President or his or her designee. All technical offers will be evaluated based on the criteria of the Request for Quotation and other information learned during the technical evaluation process. All vendors whose technical offers are deemed acceptable will be invited to participate in a confidential discussion of unpriced technical offers. Offers not deemed acceptable will not proceed to the pricing phase.
  5. Bid Price. At the conclusion of the evaluation phase of the multi-step sealed bidding process, bidders will be required to submit a priced bid clearly defining the cost of their technical offer in accordance with the Request for Quotation.
  6. Award. Each contract shall be awarded to the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the Request for Quotation.
- D. 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. The Purchasing Department may issue purchase orders to contractors for goods and services under current state contracts without adherence to II.A., Competitive Bidding Required.
  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 \$300.00 which are normally stocked or sold by the Book and Supply Store may be purchased through the Book and Supply Store and should 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

\$300.00 sold through the APSU Book and Supply Store are to be requisitioned through the procedure titled Purchase Requisitions.

- E. 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.

- F. 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.
- G. 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.
- H. 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 TBR guidelines and the APSU Purchasing Policies and Procedures Manual.
- I. 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 \$500.00 unless approved by the President 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. All emergency purchases shall, when practicable, be made on the basis of competitive bids.
- J. 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 or other notice of award except pursuant to the Tennessee Board of Regents policies and guidelines and APSU Policy No. 1:010.

- K. 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.

- L. 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 TBR Policy Number 4:02:10:00 shall be subject to the approval of the Chancellor of the Tennessee Board of Regents. Requests for exceptions to Tennessee Board of Regents policies will be forwarded to the Chancellor over the President's signature. Written documentation shall be required to support proposed exceptions before consideration will be given to a request for exceptions to APSU or TBR Policies.
- M. **Appealing Purchasing Decisions** - Decisions of the Director of Purchasing may be appealed to the Business Manager, whose decision shall be final unless a subsequent written appeal is made promptly 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.
- N. **Establishment of Procedures** - The Director of Purchasing is responsible for the establishment and regulation of all procedures related to this policy. After creation, these 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. Set Asides for Small Businesses and Minority Businesses

- A. Tennessee Code Annotated, Section 49-8-114, states: Notwithstanding any provision of the law to the contrary, state universities and community colleges may set aside an amount not to exceed ten percent (10%) of the total amount of funds allocated for the procurement of personal property and services for the purpose of entering into contracts with "small businesses" and "minority owned businesses". Such contracts shall be competitively bid among small businesses and minority owned businesses.  
  
For the purposes of this act "small businesses" and "minority owned businesses" shall mean a business which is solely owned, or at least fifty-one percent (51%) of the outstanding stock of which is owned, by a person who is impeded from normal entry into the economic mainstream because of past practices of discrimination based on race, religion, ethnic background, sex or service in the armed forces during the Viet Nam War; provided, however, that it is not the policy of the state to encourage employment outside the home of mothers of minor children.
- B. It is the intent of the University to maximize purchases from small businesses and minority owned business. Therefore, special consideration may be given local vendors in these categories. A listing of vendors eligible under this provision is maintained by the Purchasing Department and may be inspected on request. The Director of Purchasing and other persons responsible for selecting vendors shall, upon determining there are a sufficient number of small business or minority owned business bidders for a particular acquisition, solicit bids for these purchases from only small businesses and minority owned businesses.

#### IV. 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. Vendor Data Files - To create and maintain a vendor data base, to provide departments with lists of recommended vendors and to generate reports as required. The data base will also provide the tools to measure vendor performance and to log documented comments regarding vendors.
- C. Maintain Vendor Relations - To insure that qualified suppliers are given equal opportunity to furnish goods and services to the University.
- D. Expedite Delivery - To expedite the delivery of material to meet the requirements of the using departments (when so requested by the departments).
- E. 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.
- F. 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.
- G. Volume Purchasing - To consolidate purchases wherever possible to obtain quantity discounts.
- H. Dispose of Surplus - To dispose of all materials and equipment which have been declared surplus or obsolete by the appropriate administrative personnel.
- I. Furnish Cost Estimates - To furnish, on request, prices or estimates of cost of materials and services required by departments.
- J. Businesslike Operations - To operate in a businesslike and ethical manner.
- K. 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.)
- L. 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.
- M. Contract Negotiation - To initiate and conduct discussions with Vendor representatives for those acquisitions that require a contract or agreement other than or in addition to a University Purchase Order. This includes preparing and transmitting to vendors all blister packaged software registration forms received by the University.

V. 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.



Subject

**COMMITMENT**

Approved by

Director of Purchasing and Central Services

Small purchases not exceeding one thousand four hundred and ninety-nine dollars (1,499.00) may be accomplished without securing competitive quotations if the prices are considered to be fair and reasonable. Such purchases should be distributed equitable among qualified suppliers. When practical, a quotation will be solicited from other than the previous supplier prior to placing a repeat order. It should also be noted that the administrative cost of verifying the reasonableness of low priced purchases may more than offset the potential savings in detecting instances of overpricing; therefore, action to verify the reasonableness of the price should be taken only when the Buyer suspects or has information to indicate that the price(s) may not be reasonable.

<b>Austin Peay State University</b> Clarksville, Tennessee	<b>PURCHASING POLICY</b>	Section I - 6	Date 11/1/99 Page 1 of 1
Subject  <p style="text-align: center;"><b>COMPETITION</b></p>		Approved by  <p style="text-align: center;">Director of Purchasing and Central Services</p>	

## 6.0 GENERAL

The Tennessee Board of Regents requires that whenever possible all purchases shall be based upon the principle of competitive bidding. Written and/or verbal request for quotations/proposals should be solicited from a sufficient number of Sellers to establish meaningful and effective competition. Price competition exists if offers are solicited and at least two qualified suppliers contend for the award of a contract. At all times appropriate measures should be taken to monitor solicitations and receipt of bids on high dollar acquisitions. Such controls shall provide assurance of fair and open competition, equal opportunities to bid, and a reasonable time for the potential suppliers to prepare their bids. It is APSU policy that sealed bidding methods be used on any solicitation expected to exceed ten thousand dollars (\$10,000.00), and the Buyer will attempt to utilize the required fifteen (15) vendors whenever possible.

## 6.1 BIDDER/SUPPLIER SELECTION

Effective competition will be solicited for all purchases that exceed fifteen hundred dollars (\$1,500.00), and every effort will be made to maintain competitiveness until final receipt and evaluation results in an award by the cognizant Buyer. It is APSU policy that selection and identification of suppliers be based on the end-user (requesting department) and buyer experience, competence of suppliers, availability of the supplier's physical and financial resources, and other appropriate functions that will result in selection of the most competent suppliers in the product/service field. At the same time, APSU Buyers are aware of their responsibility to seek out and develop small, disadvantaged, women owned, and disabled businesses on any procurement.

Selection of suppliers must be based upon technical, schedule and overall price considerations, utilizing existing expertise both within and outside of the purchasing organization. Appropriate weight is given to prior experience with the bidders, recommendations of their previous customers, financial strength, management capability, and other pertinent factors. To the extent practicable, vendor selection on high dollar procurements is conducted with the agreement of both the end-user and cognizant buyer prior to order placement. Verification of the proposed supplier's financial strength shall be secured, if it is deemed necessary, through review of annual reports, Dun & Bradstreet Reports, contacts with other state agencies, contacts with other universities, and by using existing financial institutions. However, the final decision and analysis of the vendor's quotation remains the responsibility of the Buyer to determine the lowest evaluated price without sacrificing quality and delivery. Only an authorized APSU Buyer (Purchasing Agent) can commit a purchase order.

In all instances that APSU sends out a Request for Quotation/Proposal, the University reserves the right to reject all vendor proposals and to award the purchase order to the source of its choice. The University also reserves the right to request potential sources to resubmit their proposal if it is deemed necessary by the cognizant Buyer, and it is approved by the Director of Purchasing. However, when this happens, it is the Buyer's responsibility to give all other responsive and responsible bidders an equal opportunity to resubmit their proposals.

Subject

**NEW SUPPLIER DEVELOPMENT**

Approved by

Director of Purchasing and Central Services

**6.0 PURPOSE**

To set forth guidelines for the development of new sources for materials, parts, supplies, and services.

**6.1 SCOPE**

- A. Buyers should track major purchase requirements to assess and determine the need for new sources. Considerations such as current market trends, plus state-of-the-art and other technological developments should be reviewed continually. The performance of suppliers on current work or the complexity and criticalness of a specific requirement may also be grounds for the development of sources.
- B. New supply sources can be identified through contacts with industry sources, review of industrial and technical publications, telephone directories, and by establishing effective channels of communication with other members of the APSU staff and faculty.
- C. Special effort will be made to develop and qualify new small, small disadvantaged (minority), women owned, and disabled persons business concerns for all University purchase requirements.
- D. Advance procurement planning is essential to the establishment of new supply sources. It is usually too late to find and qualify new sources if the action is initiated after receipt of an authorized purchase requisition. Buyers, where volume considerations warrant, should devise systematic methods of bringing the obstacles to second and multi-source purchases to the attention of the proper levels of management. Effective liaison between purchasing and the end-user is essential to assure that full cooperation in design and purchase specifications is received.

**6.2 RESPONSIBILITY**

The Director of Purchasing is responsible for ensuring that suppliers of custom-made products are qualified to meet special APSU requirements prior to issuing a purchase order or other purchasing document.

**6.3 SUPPLIER LISTING**

The Purchasing Card Coordinator is responsible for maintaining a current list of suppliers including certified small, small disadvantaged, women owned, and disabled persons businesses. Copies of the small business listing are available to assist people in locating qualified small business sources.

Subject

**SUPPLIER RELATIONS**

Approved by

Director of Purchasing and Central Services

**7.0 GENERAL**

APSU's basic policy concerning vendor/supplier relations is to buy from companies of proven sound financial standing that are considered to be responsive and responsible by the cognizant Buyer.

**7.1 SUPPLIER EVALUATION**

The Buyer is directed to maintain adequate data on purchases that exceed ten thousand dollars (\$10,000.00) and to the extent possible, record the delivery schedule, cost, quantity, quality, and performance requirements. Historically unsatisfactory suppliers are considered for receipt of new quotation solicitations only when other sources are not available or with the permission of the Director of Purchasing. In addition, provisions are made in the University's General Bid Terms and Conditions that allow the Buyer to collect from suppliers of unsatisfactory products the additional costs associated with return, rework, or replacement of defective merchandise.

**7.2 REMOVAL FROM SUPPLIER/VENDOR LISTING**

Suppliers who fail to respond to a reasonable number of bids or fail to provide adequate goods or services may be removed from the APSU supplier listing. Examples of failure to comply include, but are not limited to, the following:

1. Overshipments
2. Undershipments
3. Early shipments
4. Damaged products
5. Defective products
6. Shipments not in conformance with specifications
7. Unauthorized substitutions
8. Billing errors
9. Service deficiencies
10. Failure to ship

Other principal causes for temporary or permanent removal from the APSU supplier bid lists are:

1. Unethical practices
2. Misrepresentation of merchandise

Failure of a supplier/vendor to perform satisfactorily in any of the above noted areas may result in a supplier/vendor's liability for damages to the institution.

Subject

**SOURCE JUSTIFICATION**

Approved by

Director of Purchasing and Central Services

**8.0 GENERAL PURPOSE**

To set forth instructions relative to source justification, identify the circumstances in which sole, and single/proprietary buys are authorized, and to prescribe standards governing documentation of the purchasing action.

**8.1 SCOPE**

Source justification is required with every non-competitive high dollar purchase order action. Purchase orders must be placed so as to stimulate the full plan of competition which is the surest way to bring down costs and to assure that the price paid is fair and reasonable. Competition always results in products which are better technically, and should provide support for the required item or service being purchased.

**8.2 RESPONSIBILITY**

The cognizant Buyer is responsible for obtaining an adequate source justification for the sole, single/proprietary products and/or services that she/he purchases.

**3 PROCEDURE**

In all purchases that exceed fifteen hundred dollars (\$1,500.00), in which time of delivery permits, written bids should be submitted to all qualified responsive and responsible bidders on the department's pre-established supplier listing. Special purchase categories for items and services exceeding ten thousand dollars (\$10,000.00) wherein competition is not possible, the Buyer must review the requirement with the Director of Purchasing to establish the criteria for competitive negotiation. There are four acceptable ways to determine price reasonableness on any buy. They are by conducting a price analysis, conducting a cost analysis, by providing a published price sheet, and when the price is established by law. When using the process of negotiation it is normally supported by a price or cost analysis, but it is also important to understand that the Tennessee Board of Regents have stated that this method of price determination can only be used when the University is unable to obtain the goods or services by the competitive bid process. Once the negotiations have been concluded, a recommendation shall be made by the negotiating team to the Director of Purchasing and/or to the Assistant Vice President for Finance, and he/she shall approve the results prior to entering into a contract. When competitive bids are used, the recommendation for award can be made when it has clearly demonstrated and documented that the quoted prices are fair and reasonable.

Bidder's responses to every element set forth in the Request for Quotation/Proposal are weighed competitively. Technical evaluation as to the capability, reliability and performance of the product and capability to deliver at the times and in the required quantity, may justifiably override a competitive price differential. Awards to other than the low bidder should be fully documented to justify the selection of the source.

Subject

**PURCHASE ORDERS**

Approved by

Director of Purchasing and Central Services

**12.0 PURPOSE**

To set forth the requirements for verification and distribution of purchase orders at APSU.

**12.1 SCOPE**

The majority of acquisitions at APSU are released on a standard purchase order form by the University's Purchasing Department personnel. In all cases the Purchasing Department issues the active purchase order numbers, and the Director of Purchasing and Central Services may withdraw delegated authority for small dollar purchase orders at any time. All orders exceeding the fifteen hundred dollar (\$1,500.00) level will be placed by a Buyer, documented, confirmed in writing and either mailed or faxed to the supplier receiving the award.

**12.2 RESPONSIBILITY**

All department requisitions are routed through the Purchasing Department where the funding is checked against the applicable budget, and after award the funding is encumbered prior to distribution of copies to the various departments. The Buyer is also responsible for checking for an authorized signature by department personnel and the department's Purchasing Clerk is responsible for distribution of copies to the designated departments that are responsible for receipt, payment, etc. **The completed purchase order is distributed as follows:**

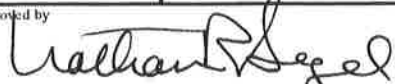
1. **White** original is mailed to the supplier.
2. **Yellow** second page is sent to the Central Receiving Department.
3. **Green** third page is sent to the Accounts Payable Department.
4. **Gold** fourth page is maintained in the Purchasing Department.
5. **Pink** fifth page is sent to the end-user for his/her department's copy.

A picture of the standard purchase order form noted above can be viewed in Figure 3 on page 27.

**Modifications can be made to active purchase orders** when a request memorandum is submitted by the end-user to add to or delete from an existing purchase order. The Buyer will determine the feasibility of writing and processing the change request upon receipt in the Purchasing Department, and will issue a Purchase Order Change Notice form entitled "Notice of Correction" which can be viewed in Figure 4 on page 28.

Distribution of the other types of purchase order forms is as presented in the procedure entitled Small Purchases.

Subject **SMALL PURCHASES -  
PURCHASING CARD PROGRAM**

Approved by  
  
Director of Purchasing and Central Services

### 13.0 GENERAL PURPOSE

To establish a method of decentralizing requisitioning, purchasing, receiving and the payment process of low value goods (up to \$999.00) throughout the campus. The *Bank of America* Visa Purchasing card replaces Petty Cash, the Small Value Purchase Order (under \$50.00), the Departmental Purchase Order (up to \$300.00) and Open Purchase Orders. Cards can be obtained by any University department.

Purchasing Cards are used like credit cards, however, they do not accrue interests since the University pays the invoice upon receipt, and departments reconcile their accounts with Accounts Payable at the end of each calendar month. The issuing bank submits a monthly report summarizing purchase activity to each cardholder, and this statement is used by him/her in the reconciliation process. Cardholders are also required to maintain a log of their purchase activity to compare with the monthly summary billing statement to verify the accuracy of the recorded charges. The person assigned the responsibility for reconciliation of their department's monthly purchases will be responsible for reviewing both documents prior to acknowledging that the master statement used by Accounts Payable to allocate charges reflects the actual charges made by the cardholder.

Vendors record purchases on their company's invoices and process them through the *Bank of America* system for payment. The issuing bank generally pays the vendor within three (3) to four (4) working days after receipt of their invoice(s).

The bank's monthly master statement sent to APSU Accounts Payable Department includes all recorded monthly charges by the departments. APSU Accounts Payable makes one consolidated payment to *Bank of America* upon receipt of the consolidated monthly invoice. Each department's account will be automatically debited for the total amount of charges made by its cardholder(s) during the billing month.

### 13.1 DEFINITIONS

**Purchasing Card:** Similar to a credit or debit card, except that no interest charges apply. This card is used by selected University personnel to make small value purchases (up to \$999.00) of goods from Merchants, however, the University maintains the liability for payment.

**Reconciler:** The person responsible for reviewing a department's low value purchases and for reallocating the charges to applicable accounts each month. A cardholder may be the reconciler or the reconciler may manage more than one cardholder's account within a department.

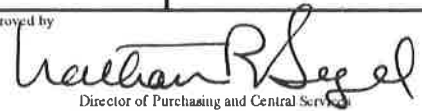
**Cardholder:** The person selected to receive a department's Purchasing Card and one who is authorized to make low value purchases for the department.

**Issuing Bank:** *Bank of America* which was selected by the University to issue and administer purchasing cards.

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13.2 **SCOPE**

Authorization for obtaining a Purchasing Card may be made by the President, Vice Presidents, Deans, Directors or Department Heads. He/she recommends the credit limitations for his/her representative(s) and they are reviewed and approved by the Director of Purchasing and Central Services.

13.3 **RESPONSIBILITY**

Cardholders are authorized to procure low value goods that are required in support of their department, however, some limitations apply including the following:

1. Orders can only include items that are to be charged directly to the department's account.
2. **The purchase is limited to the individual's authorized dollar spending limit** that was recommended by his/her manager and approved by the Director of Purchasing and Central Services. Purchases exceeding the cardholder's authorized dollar limit will be refused by the Merchant.
3. Cardholders are **not authorized to split orders** to fit within their dollar spending limitation or to avoid obtaining multiple bids. Violations of this policy may result in the department and/or the cardholder losing the purchasing card privilege.
4. Purchasing Cards **may not be used to pay for services** including those specified in this manual. Reference Section II - 10 (pages 21 & 22).
5. Purchasing Cards **may not be used to pay for capital equipment**.

**Employees assigned University Purchasing Cards cannot use them to purchase personal items, and *any use of the cards for unauthorized transactions may result in disciplinary action*** including, but not limited to, the loss of card authorization, suspension or involuntary termination. In addition, the University reserves the right to collect any amount(s) owned by the cardholder for improper purchases, and it will take whatever legal steps considered necessary to collect an amount equal to the total of the improper purchase. If legal proceedings to recover amounts owned by the cardholder are initiated, he/she will be expected to pay all collection costs, including reasonable attorney fees.

13.4 **OPENING OF ACCOUNTS**

The President, Vice Presidents, Deans, Directors and Department Heads are responsible for designating employees to receive their department's *Bank of America* Visa Purchasing card, however, they must complete and submit a "Departmental Purchasing Card Application" form for each person selected. Once selected the designated employee(s) must obtain a procurement charge account number, add it to a "Purchasing Card Authorization" form, obtain his/her department manager's authorized signature, and submit the form to the



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Purchasing Card Coordinator for final approval by the Director of Purchasing and Central Services.

**The Bank of America Visa Purchasing card is issued in the requestor's name, however, liability for payment is retained by the University.** Note: *There will be no credit reference checks of an employee's personal credit and the use of the card will not affect the employee's personal credit rating.*

**Each employee** that is selected to receive a *Bank of America Visa Purchasing card* **must attend a user training session** in the Purchasing Department before a card will be issued. Upon completion of the instruction, the Purchasing Card Coordinator will issue a *Bank of America Visa Purchasing card* to the employee. Purchasing cards may be issued to any regular full or part time employee.

### 13.5 ACCOUNT CLOSURES

Accounts will be audited as a part of the close out procedures for employees terminating their APSU employment. Their *Bank of America Visa Purchasing cards* are to be turned over to the Purchasing Card Coordinator upon termination for any reason, including retirement.

Supervisors of employees who were cardholders that are changing departments are expected to contact the Purchasing Card Coordinator to close their affected open accounts. Once that supervisor has selected another person to act as the department's cardholder, the normal request procedure to issue a new card must be followed.

APSU's Purchasing Card Coordinator will close any open account number upon receipt of a written request from the President, Vice Presidents, Deans, Directors or Department Heads.

### 13.6 RESPONSIBILITIES

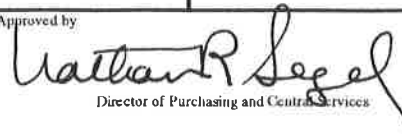
#### A. Requisitioner Activities

1. Departments are responsible for monitoring the appropriateness of purchases and for ensuring the availability of funds.
2. Ensure that purchases are being made with the correct *Bank of America Visa Purchasing card*. Incorrect charges will not be transferred between account numbers.
3. Departments are encouraged to order low value goods including supplies with their Bank of America Visa Purchasing card. No purchase order number(s) should be required from company's accepting the University Purchasing Card.
4. **When placing a telephone order don't forget to instruct the vendor where to deliver the goods or materials.** It is important that the vendor record on the packing slip your complete name, department name, building, and room number on each order. The only information that Central Receiving has

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concerning where to deliver the goods bought with a card is recorded on the initial purchase notification sheet, packing slip or on the outside of their box(es). Packages may be picked up personally by the department, delivered to the department, or sent to Central Receiving. When routed to Central Receiving the address is:

Austin Peay State University (APSU)  
Central Receiving - Shasteen Building  
681 Summer Street  
Clarksville, Tennessee 37040-4696  
Attention: (name of person receiving order)

5. **Tell the vendor that APSU is TAX EXEMPT when placing a order.** The tax exempt status is identified as Exemption No. 100049752. *Cardholders are responsible for getting the vendor(s) to credit any taxes inadvertently charged to their Bank of America Visa card.*

6. Obtain the total cost of the order from the vendor (including estimated shipping and/or handling charges when applicable). **The total order may not exceed your department's authorized charge limit.**

7. Cardholders are responsible for maintaining an activity log of their purchases. The log can be written on the APSU form or maintained on a computer, but it should be used to verify the accuracy of charges indicated on each monthly summary billing statement. Always record the date, company name, telephone number, dollar amount and name of the sales person (contact) for future reference to verify charges and to clear up shipping and billing errors or omissions as they occur.

8. When required, obtain the necessary departmental approvals of your monthly activity log and the monthly summary billing statement.

**B. Approval of the Monthly Summary Billing Statement**

1. The cardholder will receive a monthly summary billing statement directly from *Bank of America* of all transactions posted to his/her account.

2. Monthly summary billing statements must be reconciled each month with the cardholder's monthly activity log. Generally, the transaction dates and amounts on the statement will match the order dates and dollar amounts recorded on the department log. However, items ordered toward the end of the billing cycle may be included on the next month's summary billing statement.

**C. Procedures for Handling Discrepancies**

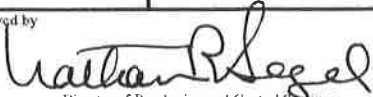
1. **Log Amount Differs From Monthly Summary Statement**

If the amount recorded on the log (i.e. amount quoted by the vendor) differs from the statement (excluding freight costs) contact the vendor to resolve the difference. If any type of tax is included in the dollar a

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amount, contact the vendor and request a credit. If the dollar amount referenced on the log sheet is incorrect, make the correction on your log sheet.

If the dollar amount shown on the statement is incorrect, request that the vendor credit your purchasing card on the next monthly statement. The log should be posted to ensure that the credit is received.

If a copy of the transaction sales draft (vendor document provided to *Bank of America*) is required to investigate the dollar amount claimed, send a written or e-mail request to the Purchasing Card Coordinator asking that a copy of the original sales draft be requested from the bank.

**2. Statement Charge From An Authorized Vendor Not On The Log**

Contact the vendor. If it is determined that the materials were received and accepted by the University, make a correction entry to your activity log.

If the charge should not have been posted to your account, ask the vendor to credit your card and then make a correcting entry to your log. Check your log after a reasonable time has passed to ensure that the credit was made to your account. If you are unable to resolve the issue, ask the Purchasing Card Coordinator to seek assistance from the Director of Purchasing and Central Services.

**3. Statement Charge From A Non-Approved Vendor or Suspected Fraudulent Charge**

Contact the Purchasing Card Coordinator and advise her/him of the entry. The Coordinator will work the problem with the bank and advise the Director of Purchasing and Central Services of the entry.

**D. Internal Controls**

The employee's immediate supervisor or authorized reconciler is to make a detailed review of the cardholder's activity log and monthly summary billing statement to ensure that the amounts charged reflect merchandise actually received. Upon completion of her/his review, the reconciler should attach all packing slips or charge/sales slips to the department's monthly summary billing statement, sign the document and route it to the cognizant Accounts Payable Clerk for review and filing.

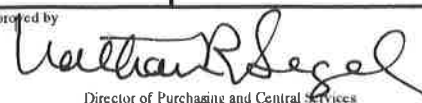
**E. *Bank of America* Activities**

1. Pay vendor Visa slips as they are submitted for authorized cardholder charges.
2. Control all credit verification requests by the Purchasing Card Coordinator.

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3. Provide original billing statement to the University's Accounts Payable and provide monthly summary billing statements to the individual cardholders. Provide any requested analysis to the University's Purchasing Card Coordinator.
4. Send duplicate copies of sales drafts to the Purchasing Card Coordinator in the event of a disputed charge(s).
5. Refer unauthorized calls from University employees back to the University's Purchasing Card Coordinator.

F. Purchasing Card Coordinator's Activities

1. Process authorized request for *Bank of America* Visa cards, and maintain control over active cards including closing accounts in accordance with University operating procedures.
2. Establish and maintain accounting codes for each card issued to ensure that purchase transactions are charged to the correct account(s).
3. Maintain a listing of all cardholders, and prepare summary reports to identify unauthorized use of all cards.
4. Exercise control over the program by using statistical sampling techniques to select and audit the activity logs and monthly summary billing statements maintained by the cardholders.
5. Work with University employees that are referred to the Coordinator for purchasing card problem resolution.

13.7 ASSISTANCE

A. Lost or Stolen Card

Contact *Bank of America* immediately at telephone number 1-800-538-8788, and also notify the University's Purchasing Card Coordinator at extension 7022. **Note: This is the only time that cardholders are authorized to work directly with Bank of America regarding Purchasing Card problems.**

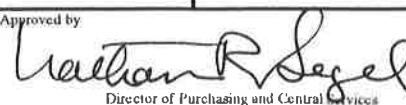
B. Unrecognized or Unauthorized Charges

For purchases on your statement that are not recognized or authorized, complete and send a *Bank of America* "Cardholder Statement of Disputed Item" form to the Purchasing Card Coordinator requesting a copy of the original sales draft. You should make every effort to resolve the issue(s) with the vendor prior to requesting that the Coordinator make contact with *Bank of America* regarding your specific problem.

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**C. Account Management**

To discuss account management of your *Bank of America* Visa Purchasing card contact the University's Purchasing Card Coordinator at extension 7022.

**D. Approval of Purchase Denied**

If a vendor advises the cardholder that approval of his/her purchase has been denied by the credit card system, it is most likely a result of a violation of one of the various established levels of authority checks on the *Bank of America* Visa Purchasing card. ***The bank will not have information related to the reason for denial, and the employee does not have the authority to obtain that information from The Bank of America.*** The cardholder should contact the Purchasing Card Coordinator who will try to resolve the problem with the bank.

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**BLANKET PURCHASE AGREEMENTS/ORDERS**

Approved by

Director of Purchasing and Central Services

**14.0 PURPOSE**

The purpose of this procedure is to allow APSU buyers to purchase material, parts, supplies and services from selected suppliers on a continuing basis.

**14.1 SCOPE**

This procedure applies to materials, parts, supplies, and services where quantities of usage can be combined over a specified period of time to ensure that the best price and availability are obtained.

**14.2 PROCEDURE**

Upon receipt of an approved purchase requisition or memorandum, the Director of Purchasing and Central Services will review the type of material, parts, supplies or services requested and the estimated annual usage of each to determine the applicability of using a Blanket Purchase Order (BPO) (previously called a Contract Purchase Order) or Agreement (BPA) and releasing it for a specific time period. If, in the director's judgment, the total anticipated usage justifies investigating the potential savings in time, labor or material, he/she shall authorize the cognizant Buyer to release a BPO for low dollar sums not to exceed ten thousand dollars (\$10,000.00) and to generate a Request for Quotation/Proposal and submit it to all qualified potential sources of supply. Upon receipt of the supplier's bids in response to an RFQ/RFP, the Buyer will generate a bid spreadsheet, conduct a price analysis and when applicable, coordinate the results with the end-user (department) to ensure selection of the lowest responsive and responsible bidder.

Low dollar long term requirements will normally be placed on a BPO referencing the applicable terms and conditions that apply. The BPO allows the Buyer to delegate "buy authority" to the end-user and/or his/her designee, and specifies the procedure for the processing of low dollar releases against the order. The supplier must formally acknowledge the blanket order to ensure that the agreement instructions have been read, understood and agreed upon prior to the using department activating releases against the order.

High dollar long term requirements should be placed on a BPA which has a special format with complete instructions for processing releases and invoices, and reference to the applicable high dollar terms and conditions that apply. All dollar amounts awarded will be determined by the limitations specified on the requisition and will be written as a "not to exceed" or "estimated to be" figure for the time period specified on the agreement. Additional funding may be added at a later date by formal change orders released by the cognizant Buyer. BPA acknowledgment is required by receipt of a signed copy of the agreement by both the Buyer and Seller's authorized representatives.

When writing the BPA the Buyer must adhere to the rules and regulations established by the Tennessee Board of Regents wherein it is stated that "No agreement of any nature which requires the expenditure of funds shall

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**DOCUMENTATION**

Approved by

Director of Purchasing and Central Services

**15.0 PURPOSE**

To define requirements and guidelines for documenting purchase order and subcontract transactions.

**15.1 SCOPE**

Proper documentation is a significant factor in ensuring that sound purchasing decisions have been made. Therefore, the purchase order file must provide a complete and authentic record of the steps which led to such promises, so that the respective positions of APSU and the supplier are recorded so as to enable the reconstruction of all stages of the purchase transaction. It must provide an authentic source of information for critical reviews by the University, The Board of Regents, the cognizant Federal or State Governmental Agencies and legal firms in the event of litigation.

**15.2 RESPONSIBILITY**

In compiling the purchase order file, buyers are directed to use the original correspondence, memorandums and other relevant documents. Use an authenticated copy signed by the Buyer when originals are not available, do not retain duplicate copies unless the copy has been modified to record information not available on the original document.

All documents and file memoranda are to be dated and signed at the time of their initiation. This requirement includes, but is not limited to, the following:

- A. Purchase order requisition (date received);
- B. Purchase orders/subcontracts (date issued);
- C. Modifications to A and B above (date issued);
- D. Telephone conversation summaries;
- E. Buyers "memos to file;"
- F. Technical single/proprietary/sole source justifications.

Preparation and the extent of the Buyers purchase order documentation will consist of, but not be limited to, the following:

- A. Purchases not exceeding fifteen hundred dollars (\$1,500.00), where competition was waived because the Buyer deems the price(s) to be reasonable will not require prior justification. However, a bid spread sheet will be used on orders exceeding fifteen hundred dollars (\$1,500.00) to document competition, etc., and may be used on low value orders at the Buyer's discretion.
- B. Purchases of ten thousand dollars (\$10,000.00) or more are normally subjected to sealed bids, and the formal procedures outlined by the Tennessee Board of Regents for this dollar expenditure must be followed. Spread sheets, letters, memorandums, department recommendations, etc. all are retained in the bid package which is referenced on the purchase order at the time an order is placed.