


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.