

# **Troy University Purchasing Policies & Procedures**

**Effective August 1, 2005  
Updated January 13, 2014**

## General

1. The Troy University Purchasing Department is responsible for the development of policies and procedures designed to create an efficient and effective decentralized procurement environment for the Troy University System. The Purchasing Department is the final review and approval for all purchases with University funds.
2. University employees may not enter into purchase contracts or otherwise obligate the University for expenditures unless authorized to do by the Director of Procurement or in accordance with the Purchasing Policies and Procedures Manual (September 1998, as amended). Such negotiations are unauthorized and any resulting expenditures will be classified as non-reimbursable personal expense. Troy University will assume no liability for payment of purchases which were not made through approved purchasing procedures. Laws regarding the use of public funds are very specific, so it important that University procedures be carefully followed.
3. Every expenditure must be prudent and directly benefit Troy University. Documentation to this effect must be maintained by University personnel. Only purchases for business purposes are allowed. Purchasing items for personal gain and/or the purchase of items expressly prohibited by the State (i.e., alcoholic beverages, gifts, etc.) are not allowed.
4. Restrictions imposed by a grantor or contractor may be more stringent than those imposed by the State and the University. It is the responsibility of the Principal Investigator to make sure that all purchases are made in accordance with State and University restrictions, as well as meeting all conditions imposed by the granting or contracting agency.
5. All purchases for goods and services are subject approvals based upon the Troy University Contractual, Financial, and Personnel Authority levels policy, approved by the Chancellor, effective January 27, 2004, as amended.
6. Prepayment for the purchase of goods and services is not allowed.
7. Employees should not expend personal funds and request reimbursement for goods and services on behalf of the University without written permission from the Director of Procurement. **The University is tax exempt and tax on such purchases will not be reimbursed.**

## **Purchasing Alternatives**

There are three types of purchasing alternatives expressly approved by Troy University:

1. Orders requiring a purchase order
2. Orders not requiring a purchase order
3. Troy University Purchasing Card

Most University purchases will fall within one of the categories listed above.

### **1. Purchases Requiring a Purchase Order**

1. Most purchases of goods or services which exceed \$500.00 in value must be processed via the purchase order process. Requisitions are generated using Datatel Purchasing Module through REQM. Assigned departmental personnel are required to enter the requisition information utilizing the **On-Line Requisition and Electronic Approval process**. Approvals for requisitioned items are also entered electronically through the Datatel system by the approvers. Training can be scheduled by contacting the Purchasing Department at Ext. 3402 or mhodge119638@troy.edu.

2. Exceptions to the requirement for a purchase order for goods and services exceeding \$500.00 are listed in the section "Purchases not requiring a purchase order."

3. The Purchasing Department will generate purchase orders once daily. Vendor, departmental and material receipt copies of the purchase order will be returned to the department for verification of data on purchase order. The initiating department is responsible for forwarding the purchase order to the vendor via mail, fax or by calling in order if permitted by the vendor.

4. Purchase orders will not be approved if funds are not available. The On-line requisition process monitors budget availability and overrides are not allowed.

5. The Purchasing Department will determine if competitive bids are required. No orders exceeding bid thresholds can be placed until competitive bid law requirements have been met.

6. Orders for goods and services should not be placed until the purchase order has been approved at all levels. Only the Purchasing Department can issue a Purchase Order.

## **2. Purchases Not Requiring A Purchase Order**

1. Some purchases may be made directly by the department and do not require a purchase order. **Note:** If a vendor requires a purchase order for any purchase or if the department desires a purchase order, follow the standard procedures for processing a requisition in the Purchasing Module of Datatel.

2. Purchases of less than \$500 usually do not require a purchase order and can be paid using the Accounts Payable Check Request Form. Petty cash can also be used in accordance with the Petty Cash Policy.

3. The following items do not require a purchase order, even if their costs exceed \$500.00:

- a. Advertisements
- b. Insurance Premiums (Approved Risk Management Expenditures)
- c. Legal and Audit fees
- d. Legal Settlements
- e. Lodging (See travel policy)
- f. Manuscripts, books, maps, pamphlets
- g. Memberships (must be approved by the administration)
- h. Notary Public/Bond Fees
- i. Periodicals, technical reports
- j. Postage and Post Office Box Rental
- k. Routine purchases from Troy University Departments (Internal Transfers)
- l. Registration
- m. Subscriptions (must be approved by the administration)
- n. Utilities (electric, gas, water, cable and telephone)

4. Purchases processed on check requests must be approved at all required levels prior to submission for payment.

### **Payment of Purchases**

1. Accounts Payable is responsible for generating checks to pay vendors for goods and services once orders have been completed.

2. In order for a vendor payment to be generated, University personnel must process material receipts through Goods and Services Receiving in the Purchasing Module of Datatel.

3. Original invoices should be forwarded to Accounts Payable in 314 Adams Administration Building as soon as the goods and services have been completed. Invoices will be paid

within 30 days of receipt or by the invoice due date in most cases.

### **3. Troy University Purchasing Card**

1. The Troy University Purchasing Card Program has been established to provide a convenient means with which to make small dollar transactions within established usage limits. The program is designed to enhance purchasing options and reduce the need for incidental/petty cash transactions. The card may be used with any merchant who accepts MasterCard, either in store, by phone, mail, fax, or on-line via the Internet.

2. The **Purchasing Department** is responsible for managing the program, and each assigned cardholder is responsible for managing its Cardholder account. The procedures contained in the Purchasing Card Program manual apply to all University employees who have been issued a Troy University Purchasing Card or who have direct or delegated responsibilities under the Purchasing Card Program.

#### **3. The Purchasing Card Program is not intended:**

- a. To avoid or bypass established procurement or payment procedures;
- b. To replace certain established travel policies and procedures;
- c. For personal use.

4. The cards are intended exclusively to conduct **official University business**. Purchasing cards are generally limited to commodity purchases only. Purchases must follow appropriate state laws and guidelines and must be made with reasonable judgment. Contact the Purchasing Department for clarification **prior to making a purchase** if there is a question about the official purpose of a purchase or if the use of the Purchasing Card to make a purchase seems questionable.

5. All permanent full-time employees are eligible for the Troy University Purchasing Card. However, issuance of cards is subject to approval by any employee's supervisor(s) and the Senior Vice Chancellor for Finance and Business Affairs. Application for a University card does not automatically qualify an individual for a card. No purchase orders will be associated with the University Purchasing card. Approved cardholders must demonstrate the ability to manage the card according to the Card Policy and that the required departmental structure is in place to support the use of the card.

See complete card policy:

[http://www.troy.edu/purchasing/documents/Purchasing\\_Policies.pdf](http://www.troy.edu/purchasing/documents/Purchasing_Policies.pdf)

## **Purchases Involving \$15,000 or More** **And the Alabama Competitive Bid Process**

1. Alabama law mandates that there be public competition for purchases of goods or services involving \$15,000 or more. Therefore, competitive, sealed bids are required if the item is not already covered by an existing University contract or by items listed on a State Contract issued by the Alabama Purchasing Division. Because of the competitive bid requirement, this process can take up to 40 days or more to complete; therefore, significant advanced planning is required for such purchases. The process can take significantly longer if user review of bids is delayed.

**2. Purchases involving \$15,000 or more cannot be divided into smaller purchases in an effort to circumvent the Alabama Competitive Bid Law. The threshold of \$15,000 is for any one item or any order of multiple goods or services whose total value equals \$15,000 for like items.**

3. The department should contact the Purchasing Department for guidance prior to preparing bid specifications for goods and services requiring the Competitive Bid Law.

4. The Purchasing Department maintains a common list of vendors who have registered for consideration in the public bid process. The Purchasing Department is constantly seeking to expand the list of potential vendors, so your suggestions are always welcome. Vendors may be referred to the Purchasing Department to register requests may be sent to mhodge119638@troy.edu.

5. Specifications are the requirements which establish the product or services that will meet your needs. Preparing specifications for purchases are the joint responsibility of your department and the Purchasing Department. The Purchasing Department will outline the terms and conditions for the bid process; your department will develop the technical or performance specifications. You should work with the Purchasing Department to develop evaluation criteria.

6. Specifications should define the quality of the item that is required, noting if a lesser or higher grade is acceptable.

7. Specifications must not be unduly restrictive and should assist in the competitive process. Under no circumstances should specifications be written in order to exclude vendors who have an equal opportunity to respond to bid requests. They should be fair and equitable and not be prejudicial for or against a specific supplier.

8. If a vendor assists in developing product specifications, that vendor must be excluded from bidding on those items.

9. "Acceptable substitute" may be used to set specification standards. If using "brand name or equal," identify the distinct features which will meet those criteria.

10. See "Sole Source Purchases" for exceptions to this policy.

11. Emergency orders must still comply with certain legal requirements. Please contact the Purchasing Department for further instructions.

12. The same requirements apply if used items are preferred or if the item is to be leased (capital **or** operating leases)

### **Sole Source Items**

Sometimes an item is available from only one source. In order to justify purchasing based on "sole source" status of a vendor, you must provide adequate documentation from the vendor with your request to waive the bid process. The Director of Procurement will review your documentation to determine if the "sole source" justification is adequate and appropriate. Your written justification should describe the technical characteristics of the item as well as why those characteristics are essential and cannot be obtained from any other source. This information should also include documentation from the vendor which adequately describes the proprietary nature of the item. In the event "sole source" status is accepted, the purchase price of the item should be negotiated to receive the best terms/pricing possible.

### **Other Alabama Competitive Bid Process Items**

1. Generally, contracts cannot be bid beyond a fiscal year. However, when a major contract cannot achieve economies of scale, longer term contracts may be allowed. Contact the Director of Procurement to find out the allowable length for contract types. Funds in state appropriated accounts are not obligated beyond a fiscal year. Funds for Sponsored Program Accounts are not obligated beyond the expiration date of a grant or contract.

2. Code of Alabama, Title 39 for Public Works covers the bid requirements for renovation, remodeling, building and removal of public structures. The threshold at which bidding under Public Works is required is \$50,000 per project. Contact the Purchasing Department for more information on Public Works if a major building project is being planned.

If you have questions regarding the Alabama Competitive Bid Process, please contact the Purchasing Department.

## **Other Purchasing Items**

### **Vendor Disclosure Statement**

In compliance with Alabama State Law Act 2001-955, Sections (1), (2) and (3), Troy University requires the disclosure of certain information regarding vendors and their relationships with Troy University.

Vendors should be advised that in submitting their bid, contract proposal, they affirm under oath that no such relationships exist. If such a relationship does exist and the intended or actual contract value exceeds \$5000, they should complete a detailed Vendor Disclosure Statement and submit it to the Purchasing Department.

In the event of competitive bids, this disclosure is only required from the winning vendor. Contracts will not be awarded to any person who refuses to disclose required information if such relationships exist. Departments should be aware that this law applies to ALL vendors with whom a contract which exceeds \$5,000 (including those items submitted on a check request).

All vendors are also required to submit a W-9 form to the Purchasing Department. Each department will be responsible for requesting this from the vendor. For your convenience, the form is available on the Financial Affairs website under "FORMS." Payment for goods and services will not be made to any vendor until this process has been satisfied.

### **Code of Ethics**

Any University employee involved in purchasing goods or services must comply with the National Association of Educational Buyers (NAEB) Code of Ethics which includes the following:

1. Priority will be given to the objectives and policies of Troy University
2. Seek maximum value for each expenditure
3. Do not accept any personal gifts or gratuities.
4. Give each supplier fair and equal consideration, within the parameters of the laws and University policy
5. Foster ethical trade practices and conduct business honestly and with good faith. Demand the same standards from suppliers.

### **Freight**

When making any purchase which will require shipping – you should have a complete understanding of whether shipping charges are to be paid by the supplier or the department. Your purchase requisition should include the approximate carrying charges to be paid by the department. When possible, avoid paying freight by specifying FOB location.

**Emergencies:** are defined as circumstances in which action is needed to protect the health and welfare of personnel and students and to prevent further damage to property. **FAILURE TO ANTICIPATE A NEED IS NOT, OF ITSELF, CONSIDERED A BONAFIDE EMERGENCY! WAITING UNTIL THE LAST MINUTE TO CORRECT A FORESEEABLE CIRCUMSTANCE IS NOT AN EMERGENCY.**

### **Prepayment of Purchase Orders and Contracts**

It is the policy of the University not to pay for an item before it is received (prepay). Prepayment of purchases is made only with the approval of the Purchasing Department.

Exceptions are:

- Subscriptions, as required.
- Institutional memberships
- Registration fees for conferences and official meetings

To process a request for prepayment, prepare an Accounts Payable Check Request, obtain all the proper approvals. Forward all documentation for **PREPAYMENT** to the Purchasing Coordinator for processing. **DO NOT FORWARD REQUESTS FOR PREPAYMENTS TO ACCOUNTS PAYABLE.**

### **Working with Vendors**

Any price quotations you receive from vendors are considered informal and are for information purposes only. Only the Purchasing Department can issue formal and binding bids/quotes.

On many occasions, the information provided to you by the vendor may contain certain terms or language that the University cannot comply with. The Purchasing Department will insure that our terms and conditions are formalized with the vendor.

Do not commit to a purchase verbally or in writing until it has been authorized by following standard purchasing procedures.

If you have a complaint about a vendor, please contact the Purchasing Department at Ext 3402.

## **Vendor Samples**

Vendor samples may be accepted by University departments only under certain circumstances:

- The product will be needed by the University. Do not accept products that will probably not be purchased.
- Samples are not for personal use
- The sample is relatively small and of low dollar value. Samples are for examination purposes and not added to inventory.
- If a sample is accepted it should be promptly conveyed to the appropriate department for testing and the vendor is provided with a prompt evaluation.

## **Vendor Premiums**

Sometimes vendors, such as Quill, offer premiums with orders that exceed a certain dollar level or with orders of specifically marketed items. Employees of the University are not allowed to profit at the expense of University funds. If, at any time, premiums are received as a result of a vendor promotion, the gift must be forwarded to the Purchasing Department.

## **Payment Information**

1. Original signatures are always required on check requests.
2. Original invoices are required for vendor payment. If an original is not available, a duplicate must be obtained from the vendor marked "certified, true, correct and unpaid" by the vendor. An original signature must be obtained from the vendor or vendor personnel responsible for accounts receivable.
3. Troy University is exempt by law from paying sales tax within the State of Alabama. Sales tax reflected on invoices will be deducted prior to payment. If a vendor requests a tax exempt form, this can be obtained in the Office of the Senior Vice Chancellor for Finance and Business Affairs.
4. Invoices reflecting discounts should be submitted for payment in a timely manner to insure the possibility of deducting within payment terms.
5. All invoices should be submitted in a timely manner in order to process payment to the vendor within thirty days of invoice date.
6. Troy University does not pay late charges, penalties and/or finance charges.
7. Payment will be mailed directly to the vendor from Accounts Payable unless otherwise specified by the Department. Department mailings of checks should be limited to those items requiring accompanying information that the department has held pending check generation.