

Purchasing



**GREAT FALLS
COLLEGE**

**MONTANA STATE
UNIVERSITY**

Guidelines

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SUMMARY

This document is provided as a guide to purchasing procedures currently in effect at Great Falls College MSU. Please refer to this document when purchasing supplies or contracting outside services for your department or area of responsibility.

PURCHASING DEFINED

Purchasing is the process used to identify, define and fulfill supply (goods, materials, and equipment) and outside service needs of Great Falls College MSU at the **lowest possible cost**.

AUTHORITY

The State of Montana Department of Administration (DOA) is responsible for purchasing, including maintenance of policies and procedures for procurement of goods and services, for all state agencies.

Periodically by formal agreement, DOA delegates certain portions of its purchasing authority to state agencies such as The Office of the Commissioner of Education (OCHE) and units of the Montana University System such as Montana State University (MSU). MSU, in turn, has delegated purchasing authority up to \$25,000 to Great Falls College MSU.

COMPLIANCE

As an agency of the state of Montana, Great Falls College MSU must comply with various government regulations pertaining to purchasing. Failure to abide by these regulations could result in the loss of purchasing privileges at the campus level.

PURCHASING STAFF

The Executive Director of Operations is the primary contact between Great Falls College MSU and its vendors, MSU procurement, and the state purchasing bureau. The Executive Director of Operations is available to help purchasers comply with procedures and, at the same time, complete purchases in a timely and cost-effective manner.

Under \$10,000: This position answers questions concerning vendor payments and purchasing card transactions.

Over \$10,000: Coordinates/authorizes purchase in compliance with guidelines.

Over \$25,000: Coordinates/authorizes requisition and coordinates purchase with MSU Purchasing or the State Purchasing Bureau.

Special Requirement Purchase: Coordinates/authorizes purchase as required.

PURCHASING PROCEDURES

1. LEVELS OF PURCHASING AUTHORITY

Based on progressive dollar amounts of purchasing, listed below are summary purchasing procedures. **Purchases are not to be artificially divided or sequenced so as to avoid using competitive quote or bidding procedures.**

Direct Buy: up to \$9,999

All departments have authority to complete purchases up to \$10,000 without requesting competitive quotes. However, to get the best value for each dollar expended, departments are strongly encouraged to shop around on all purchases.

Exception: See special requirement purchases

Limited Solicitation: \$10,000 up to \$25,000

The Executive Director of Operations has authority to complete purchases after a **minimum of three competitive quotes** have been obtained. Under limited circumstances, as documented on a *Sole Source Brand/Justification*, the department may request a purchase from a single vendor.

Limited Solicitation: \$25,000 up to \$100,000

The Executive Director of Operations submits a purchase requisition to MSU procurement after a **minimum of three competitive quotes** have been obtained. Under limited circumstances, as documented on a *Sole Source Brand/Justification*, the department may request a purchase from a single vendor.

\$100,000+

The Executive Director of Operations submits a purchase requisition to MSU procurement who has authority to complete the purchase after solicitation (*Invitation for Bid (IFB) or Request for Proposal (RFP)*) and the evaluation of bids or proposals. Under limited circumstances, as documented on a *Sole Source Justification or a Sole Brand Justification*, the department may request a purchase from a single vendor.

2. IDENTIFY NEED

Criteria:

- Absolutely necessary, and
- Used for the total benefit of Great Falls College MSU and the State of Montana, and
- There is proper authority of law and sufficient balance in accounts to be charged, and
- Such purchase will not result in request for additional funds from the legislature.

No purchases are authorized for personal use or benefit.

Examples: (not inclusive)

- Office party supplies (refreshments, decorations, etc.)
- Gifts or gift cards for coworkers and/or student workers
- Going-away party supplies (refreshments, decorations, etc.)
- Personal apparel

Personal subscriptions or memberships

Contact the business office if you have questions on these types of purchases. If an impermissible purchase is made, you may be responsible for payment.

No state-controlled funds may be used for the purchase of alcoholic beverages.

3. DEVELOP SPECIFICATIONS

Develop specifications for products or services that will meet the needs of the department. Before a limited solicitation, invitation for bid, or request for proposal is issued, it is important that specifications are provided. Specifications should be worded as generically as possible (i.e. do not favor one brand or vendor) to ensure fair competition and satisfaction of the need, but be specific enough to assure the level of quality and desired function.

Information examples:

- Full description
- Date required
- Quantity
- Size, physical dimensions
- Color
- Speed
- Processing capability
- Compatibility
- Engineering or architectural drawings/blueprints
- Operating tolerances (temperature, humidity, electrical, etc.)
- Delivery, handling, installation, warranty and service

4. PURCHASES EXEMPT FROM PURCHASING PROCEDURES

Listed below are items which may be purchased without purchasing documentation or PO number. However, to ensure payment, please:

Instruct vendor to include department number or name on invoice

Ensure invoice is delivered to **Attention: Great Falls College MSU Accounts Payable**

- Advertising
- Boiler, safety, and scale inspections
- Computer charges
- Copy charges for copyrighted sheet music
- Copyrighted films and video tapes
- Correspondence courses and tests
- Dues to regional and national associations; some restrictions apply
- Fax charges
- Fees
- Freight
- License agreements for electronic publications including licensed library materials, journals (scientific, technical, or medical) journal articles, periodicals, and course packs

Message Service
Postage and standard postal service customer charges including PO Box rental
Produce
Royalties
Taxes
Telecommunication charges
Telegrams
Telephone rental, tolls, and installation
Training
Travel and per diem (covered by travel procedures)
Utilities (electricity, natural gas, water, cable TV)
Wire service

5. REQUISITION (less than \$10,000)

For most purchases (**up to \$9,999**), departments have authority to make purchases after completing a *Requisition Order Form*. The completed *Requisition Order Form*, with all required signatures, must be forwarded to accounts payable in the business office.

Vendor Relations

- During inquiries (or receiving free advice) concerning products and prices, make it clear to the vendor that you are not committing to purchase.
- Do not sign a vendor contract or agreement; contact the business office for review of terms and conditions beforehand.
- Contact the Executive Director of Operations if you have any problems with vendors and their products or service.
- Do not rely on vendors for advice on Great Falls College MSU, MSU or State of Montana purchasing procedures.
- If possible, utilize vendors with whom there is an established account. If it is necessary to establish an account with a new vendor, the Business Office can assist with new account credit applications and furnish applicable tax exemption certifications.

6. LIMITED SOLICITATION (\$10,000 up to \$100,000)

- Purchasing completes this purchase after at least three written competitive quotes are obtained.
- Submit detailed specifications on the desired product to the Executive Director of Operations. (Submit an approved *Sole Brand/Source Justification* if you think there is only one vendor or brand meeting your need.)
- A minimum of three quotes from vendors is required, using the *Limited Solicitation Form*.
- Quotes are compared to each other and to the specifications required.
- If under \$25,000, the Executive Director of Operations issues a purchase order to the vendor with the lowest quote to complete the purchase. If between \$25,000 and \$100,000, the Executive Director of Operations will work with MSU procurement to review bids and issue purchase order.

7. INVITATION FOR BID (IFB) (\$100,000+)

- Submit detailed specifications to the Executive Director of Operations. (Submit an approved *Sole Brand/Source Justification* to the Business Office if you think there is only one vendor or brand meeting your need.)
- The Executive Director of Operations submits a *Purchase Requisition* to MSU procurement.
- MSU procurement prepares and issues a formal Invitation for Bid.
- Bids are documented and compared to each other and to specifications.
- MSU procurement issues an MSU purchase order to vendor with the lowest bid to complete the purchase.

8. REQUEST FOR PROPOSAL (RFP)

An RFP is prepared by MSU procurement and is used (instead of an IFB) for purchase of goods or services of higher complexity and for which price is not the primary determining factor in selection of the supplier.

The RFP document should define, as completely as possible, what is expected from suppliers. In response, supplier proposals must include how goods and services will be provided and what support the supplier will require from Great Falls College MSU.

10. RECEIVING

Please include specific delivery address instructions (name/room) on all purchasing documents in order to insure that you will be promptly notified after your merchandise is received.

11. PAYMENT

For all purchases, please ask the vendor to:

Send invoices to:

Accounts Payable
Great Falls College MSU
2100 16th Avenue South
Great Falls, MT 59405-4909

To be considered for payment, a *Requisition Order Form*, signed by the department head must accompany all invoices.

12. ETHICS

Employees of Great Falls College MSU, an agency of The State of Montana, have a fiduciary responsibility to ensure all purchases are completed in an open and forthright manner, without favoritism toward any particular vendor, above reproach, and not subject to accusations of impropriety.

Employees may not solicit or accept gifts, gratuities, favors, or other items of value from suppliers, contractors, parties to sub-agreements, or other persons known to have current or future business dealings with Great Falls College MSU. Under no circumstances may an employee accept a gift or any other consideration which may influence a purchase. Acceptance of the following items by an employee may be considered a conflict with the ethical standards of Great Falls College MSU:

Gifts and Gratuities

Passes or tickets for recreation or entertainment events. Consumable goods such as food, beverages, and tobacco.

Promotional Merchandise

Coupons or certificates good for discounts or free merchandise or services.

Exceptions:

Items of insignificant (\$50 or less) value such as pencils, note pads, calendars; items won from a random drawing at seminars/conferences offered by or on behalf of public agencies or employees.

Discounts

Discounts offered to Great Falls College MSU are not for personal purchases of employees unless such discounts are offered to all public employees.

Trips

Expense-paid trips offered by current or prospective suppliers or contractors.

Bid or Proposal Evaluation and Selection

Any employee having current or prospective employment or financial interest with a bidding vendor must not have any involvement in this process with respect to such vendor.

Compliance

Return impermissible gifts or gratuities to vendors as soon as possible.

Report receipt and return of gifts in writing to your department head.

Forward anonymous gifts to the controller, business office; cash gifts go to the general scholarship fund, non-cash gifts go to departments who can use them to offset purchases or sold at public auction if Great Falls College MSU is unable to use them.

13. SURPLUS PROPERTY

State Statutes, specifically MCA title 18-6-101, provide specific ways in which surplus state property must be disposed of, regardless of whether it is being sold or junked.

Under NO circumstances should individual departments attempt to dispose of State property on their own. This includes all state property that is not consumable, costs more than \$25, and lasts longer than one year. Never trade, cannibalize, or dispose of property purchased with government funds without prior approval from the Executive Director of Operations.

Departments wishing to dispose of surplus property must submit it to the Executive Director of Operations the following:

1. Property number(s) of the surplus item(s), or serial/brand if there's no tag
2. Description of the property and location
3. Condition of the property, i.e.: broken, operable, fair, excellent, etc.
4. Estimated value
5. Index used to purchase property (if known)
6. Photo of item to be disposed

The Executive Director of Operations will utilize the following guidelines for property dispensation:

1. Transfer to other MUS institution: items can be transferred to another MUS institution who has use for the item
2. Donation: Items will be offered to **public** schools within our service area.
3. Department of Administration Surplus Property: Any items not donated to public school districts will be submitted to Montana department of administration, surplus property division. The surplus property division will determine if they will retrieve the item or if it can be disposed of.
4. Items rejected by State Surplus Property: Items rejected by the surplus property division can be donated to non-profit agencies within our service area.
5. Disposal: If donation of surplus property is not feasible, items may be junked, destroyed, or sold for scrap. Prior approval of disposal must be received from the Executive Director of Operations.