



## TTU PROCUREMENT MANUAL

### **I. INTRODUCTION:**

Pursuant to TBR Policy 4-02-10-00, the University maintains an electronic procurement manual, which sets forth any procedures of the University which are in addition to and necessary to comply with TBR Policies, Procedures and Guidelines.

The TBR Policies and Procedures pursuant to Purchasing and Contracting shall govern the University's purchasing practices. Specifically, the following TBR policies and guidelines, along with those incorporated within the following, shall apply:

- [Policy 4-02-10-00 – Purchasing Policies & Procedures](#)
- [Policy 1-03-02-10 – Approval of Agreements](#)
- [Guideline G030 – Contracts and Agreements](#)

### **II. GENERAL INFORMATION:**

The Purchasing Office is responsible for the following:

- a) Competitive bid process for purchase of goods and/or services totaling \$5,000 or more by the University;
- b) Issuance of University purchase orders;
- c) Review and/or processing of all contracts for University.

A University purchase order is required for purchases by the University of \$5,000 or more.

A University purchase order is required for the purchase of equipment items. Equipment is any physical resource (other than land, buildings or permanent attachments thereto) that will benefit a program for more than one (1) year and will cost more than \$4,999.99. This definition does not apply to library books.

### **III. PROCESSING REQUISITIONS:**

Departments should anticipate their needs in advance to allow the Purchasing Office adequate time for securing quotations/proposals, issuing a purchase order and securing delivery. Four to six weeks lead time should be allocated by the department for normal procurements; however, more time may be required

depending on such factors as method of procurement, nature of goods/services being bid, levels of approval required, etc.

#### **A. Preparation of Requisition and Approvals Routing**

Requisitions are to be prepared in triplicate with the first and second copies sent to the Purchasing Office after approval by the Requisitioner and/or the Departmental Chairperson, the Dean or Administrative Officer and other University officials as appropriate. The process for preparing requisitions is as follows:

1. Departmental requisitions should be submitted with supply items listed on supply and expense requisitions (yellow original) and equipment items listed only on equipment requisitions (green original). Requisitions from grants or contracts (blue original) may be for either supplies or equipment. Appropriate header of "supplies" or "equipment" must appear on the requisition.
2. Requisitions are to be typed.
3. All requisitions, other than grants, must be numbered beginning with number 1 at the beginning of each fiscal year (July 1). Grants should be numbered consecutively throughout the duration of the grant. Grant requisitions for purchase must be submitted to the Grant Accounting Office prior to being sent to the Purchasing Office for processing.
4. Requisitions must be dated and must include the FOAPAL information as required on the requisition form.
5. The name of the person to whom shipment is to be delivered, as well as the name of the building and the room number, must be included on the requisition.
6. Complete descriptions and specifications of all items are necessary. The actual or estimated cost of each item as well as the total amount of each item must be listed. The total cost must be listed on each requisition.
7. Corrections for amounts of previous requisitions may be made only from the monthly expenditure reports. Adjustments should be indicated on the next requisition prepared. All adjustments must be identified to aid in reconciling the monthly expenditure report.
8. The estimated total on the requisition is to be subtracted from the adjusted balance.
9. Signatures of the Requisitioner and/or the Departmental Chairperson and the Dean or Administrative Officer are required. Signature stamps may not be used on the original copy.
10. All requisitions from the University's Foundation account require the approval of the Vice President for Planning and Finance, in addition to other applicable administrative approvals, prior to being submitted to Purchasing for processing.
11. A copy of each requisition forwarded to the Purchasing Office must be maintained in the originating department's file regardless of the disposition.

## **B. Sources of Supply**

1. Departments should identify all sources that they wish to include in the bid process on the face of or as an attachment to the requisition. The Purchasing Office will solicit bids from vendors in accordance with Purchasing Policies and Procedures.
  - ✓ For aggregate purchases up to \$5,000, prices may be negotiated.
  - ✓ For aggregate purchases from \$5,000 to \$25,000, a minimum of three (3) sources of supply is required. List as many sources of supply known to the requisitioner beyond the three required.
  - ✓ For aggregate purchases in excess of \$25,000, fifteen (15) vendors or the total on the approved vendor list are required, whichever is less.
2. If the requisitioner states that an item must be purchased from one source only or that a proprietary purchase be made, a Non-competitive Procurement Form must be completed. This form is to be attached to the requisition and routed for the appropriate approvals as indicated on the form. (Also See Section VII. B. of this manual.)

## **C. Request for Quotations / Request for Proposal**

The Purchasing Office will issue a Request for Quotation (RFQ) or a Request for Proposal (RFP), as appropriate. The RFQ/RFP states an opening date and time, and bid responses must be received in the Purchasing Office by this date and time in order to be considered.

## **D. Analysis of Bids**

When the bids are opened, an analysis of the bids will be made by the Purchasing Office. Copies of the bids will be made available to departmental personnel. Departments will review the bids and recommend/approve award prior to issuance of a purchase order. Purchase orders are issued to the lowest responsive and responsible bidder meeting specifications.

## **E. Rejection of Bids**

Action to reject all bids shall be taken only for the following reasons:

1. Unreasonably high prices
2. Errors in RFQ/RFP
3. Cessation of need
4. Unavailability of funds
5. Failure of all bids/proposals to meet technical specifications
6. A determination that the goods/services can be more economically delivered pursuant to an agreement with another TBR institution or other state agency, or

7. A determination that proceeding with the procurement would be detrimental to the best interests of the University, the reason for which must be documented and approved by the President or designee.

#### **F. Blanket Purchase Orders**

Departments are encouraged to request blanket orders for goods for which multiple or ongoing purchases will be needed. A request for a blanket purchase order is initiated by a request in writing from the requisitioner, through the Departmental Chairperson and the Dean or Administrative Officer. Blanket purchase orders are obtained through a competitive process when possible, with a blanket purchase order being issued to the lowest responsive and responsible bidder meeting specifications. The request for a blanket purchase order should include the following information:

1. Description of goods, including specifications necessary to prepare a bid document;
2. Estimated quantity needed for contract term (i.e. annually, monthly, etc.)
3. Contract term needed (i.e. one year with option to renew up to four additional years, one year, etc). Note: State law limits the total contract term of any expenditure contract to a period not to exceed sixty (60) months, including renewals.
4. Estimated total expenditure during the contract term.
5. Names and contact information of any potential bidders to be included in the bid process.
6. The appropriate Non-Competitive Procurement Justification Form(s) is/are required if a sole source or proprietary bid is requested. The form(s) should be completed and attached to the documentation requesting establishment of a blanket purchase order.

#### **G. Distribution of Purchase Orders:**

After completion, regular purchase orders and blanket purchase orders are distributed by the Purchasing Office as follows:

- Original purchase order, including any attachments thereof, is mailed to the vendor;
- Copy of purchase order, including any attachments thereof, is mailed to the department;
- Copy of purchase order is retained with the bid file in the Purchasing Office;
- Copy of purchase order (for equipment items) is filed in the Property Office files;
- Copy of purchase order (for equipment items) is given to Central Receiving for delivery purposes.

## **V. PROCESSING CONTRACTS OR AGREEMENTS:**

### **A. Guidelines for Processing Agreements:**

The guidelines listed below apply to **all** contracts or agreements (expenditure, non-expenditure and revenue-generating) between the University and any external party, with the exception of research grant contracts, which require processing by Office of Research.

1. All contracts/agreements, regardless of dollar amount involved, require the review / approval of the Director of Business Services or Assistant Director of Business Services, as appropriate, and the approval of the Vice President for Planning and Finance.
2. Proposed contracts of \$5,000 or more must be competitively bid unless adequate non-competitive procurement justification is provided.
3. Contracts totaling \$250,000 or more in annual revenue or expenditure require the signature of the President and the Chancellor.
4. Prior approval of the Fiscal Review Committee is required for all non-competitive contracts of \$250,000 (value of total contract term) or more and for which the term is greater than one (1) year. This process requires at least 75 calendar days lead time prior to the effective start date of the contract.

### **B. Guidelines for Processing Agreements:**

The following process should be followed for approval of University contracts:

1. Independent Contractor vs. Employee: It is imperative that individuals performing services for the University be properly hired either as an independent contractor through a contract processed by the Purchasing Office or as an employee through Human Resources. Information regarding the University's right or extent to direct and control the work of the individual – whether or not the right is exercised – must be examined in order to assure proper classification. A guide to assist with this determination is the Guide for Determining – Employee or Independent Contractor. If you have questions regarding the proper classification of a service provider, contact either the Purchasing Office or the Office of Human Resource, as this determination must be made before processing any documentation for payment of services.
2. Is the contractor a United States citizen? If the contractor is not a United States citizen, the contractor must complete a Foreign National Data Form and submit it along with other documentation as required by the form, to determine the contractor's eligibility for payment and tax status. The draft agreement should not be completed until this form has been completed and the payment type has been approved by the Human Resources Office.
3. Once it has been determined that a contract is needed and verification of payment type has been made (if Contractor is a non-U.S. citizen), the department shall prepare the draft agreement/contract using the applicable [form agreement](#) (available on the TTU Purchasing web page).

4. Department shall complete and attach a [Contract / Agreement Routing Form](#) to the face of the draft agreement.
5. The draft agreement and Routing Form shall be routed for approval by departmental chair/director, dean/administrative officer and the Associate Vice President for Research (as appropriate), then forwarded to the Purchasing Office for further processing.
6. Purchasing will review and approve contract for form and legality and forward contract packet (contract and applicable forms for completion) to contractor for signature.
7. After contract packet is returned by contractor, Purchasing will complete processing, and a fully executed copy of the contract will be returned (along with a [Services Contract Monitoring Form](#) if applicable) to the department responsible for procuring the service.

**NOTE: Contracts shall be approved by all parties prior to the effective start date of the contract.**

#### **C. Approval of Foundation Agreements:**

1. All Foundation contracts require the approval of the Vice President for Planning and Finance and the President, as appropriate.
2. Foundation contracts that obligate the University in any way must be processed according to policies and procedures established for University contracting.

#### **D. Approval of Research/Grant Contracts and Sub-Contracts:**

1. Research/Grant contracts are subject to the approval of the Associate Vice President for Research and the President, as appropriate.
2. Subcontracts of grant contracts are subject to the approval process for University contracts outlined above.

#### **E. Dual Services Agreement with TTU as Vendor Party\*:**

When a TTU employee provides services to another TBR/UT institution or an agency of the state of Tennessee, a Dual Services Agreement is required. It is the responsibility of the agency procuring the services (Procuring Party) to prepare the Dual Services Agreement for signature by all parties. The following steps should be followed in processing a Dual Services Agreement with TTU as the Vendor Party to assure proper routing/approval and to provide for prompt and accurate payment to the employee.

(\*Note: If services are being provided pursuant to a grant, this process may not apply. Contact the Office of Research for instructions regarding this process.)

1. When the agreement is received by TTU it is to be forwarded to the Purchasing Office, who will review the document for form and completeness.
2. The Purchasing Office will prepare the appropriate number of copies for signature, attach a Dual Services Agreement Routing Form to the face of the agreement copies, and forward the agreements and routing form to the Chair/Director of the employee's department of employment (base department) to begin the approval routing process.
3. The following approvals are required, and each office must sign the routing form to signify their review/approval of the agreement:
  - a. Chair/Director of Employee's Base Department
  - b. Dean/Administrative Officer of Employee's Base Department
  - c. Human Resources
4. After approvals as noted above have been signified on the routing form, the agreement and routing form are returned to the Purchasing Office, who will then send the contracts to the Procuring Party for signature. Once a fully executed copy of the agreement has been returned to the Purchasing Office, copies of the agreement will be distributed as follows:
  - a. Copy #1: TTU Purchasing Office
  - b. Copy #2\*: Department Responsible for Invoicing (Base Department)
  - c. Copy #3\*: Human Resources
  - d. Copy #4\*: Business Office (Attn: Cashiers)(\*Note: These copies may be distributed electronically.)
5. It is the responsibility of the employee's base department to invoice the Procuring Party for the employee's services once services have been performed. The invoice(s) should reference the employee's name and T#, the dates of service and amount(s), and the purchase/contract order number assigned by the Procuring Party, if applicable. A copy of the invoice should also be sent to the Business Office (Attn: Cashiers).
6. Once payment is received from the Procuring Party it is deposited into the appropriate departmental account and the employee is notified that the payment has been received. It is then the responsibility of the employee to work with their base department to submit an Extra Pay and Summer Pay Timesheet and Summary Form to HR as authorization for payment. All extra pay documentation should originate in the employee's base department, as each department is responsible for maintaining accurate records of all extra pay received by its employees.
7. The employee's payment will be included in the regular payroll distribution following receipt of the appropriate documentation as noted in #6 above. (Note: If complete and accurate documentation is received on or before the fifth calendar day of a month, the payment will be included in that month's payroll cycle. If documentation authorizing payment is received after the fifth day of the month, the payment will be included in the following month's payroll cycle.)

#### **F. Workshop Participant Form:**

Individuals receiving a stipend for attendance at a workshop or seminar may be paid using the Workshop Participant Form, instead of a Personal/Professional Services Agreement. This form can only be used for stipend payment and may not be used if payment involves reimbursement of expenses and/or any payment whatsoever for services. The form is to be completed and fully signed prior to the

participant's involvement in the workshop/seminar. A copy of this form is to be submitted to Accounts Payable with the Requisition and Request for Payment Form for payment processing. The originally signed form should be maintained by the department responsible for the workshop with a copy to the workshop participant and to the Office of Research (if the stipend is paid through a grant-funded account).

## **VI. CONTRACT MONITORING:**

Pursuant to the requirements of the contract monitoring statute TCA ¶12-4-109 (d) and Finance and Administration Rules 0620-3-8 regarding the effective management of all service contracts, the University is now required to have in place a Contract Monitoring Plan.

After approval of a service contract, a [Services Contract Monitoring Form](#), if applicable, will be returned, along with a copy of the approved contract, to the department originating the contract. The Services Contract Monitoring Form should be used to document service provider compliance with the terms and conditions of the contract, *and a copy of the completed form is to be maintained in the department's files for audit purposes.* **The final responsibility for administering, reviewing, documenting and recordkeeping with regard to the performance of each service contract for cost-effectiveness and results, remains with the department.**

Note: Contracts associated with a grant or research project processed through the Office of Research will be monitored by the Office of Research. Subcontracts issued on a grant or research project will be monitored by the department/Center bookkeeper assigned to that particular project. For additional information or assistance in monitoring a subcontract on a grant or research project, please contact the Office of Research.

## **VII. SPECIAL PURCHASE CATEGORIES / EXCEPTIONS:**

### **A. Emergency Purchases:**

Purchases of specific materials, supplies, equipment or services may be made in the open market for immediate delivery only to meet bona fide emergencies arising from any unforeseen cause. A written report on the circumstances of any emergency justifying the purchase shall be prepared by the requisitioner. Such written justification should be submitted with the requisition for purchase and is subject to the approval of the dean/administrative.

Emergency purchase shall, if practicable, be made on the basis of competitive bids.

All bona fide emergency purchases must be approved by the President or a designee. Emergency purchases in excess of \$25,000 require the approval of the President.

### **B. Sole Source / Proprietary Purchases:**

Sole source purchases are made only when items are unique and possess specific characteristics that can be filled by only one source.

A proprietary product is one that is manufactured and marketed by a person or persons having the exclusive right to manufacture and sell the product. Marketing is generally controlled by the franchises that may include competitive sales at wholesale or retail levels. When it is found that bids may be obtained from different franchises, bid invitations must be issued unless the estimated purchase is less than \$5,000.

If a requisitioner requests that a sole source or proprietary purchase of \$5,000 or more be made, a [Non-Competitive Procurement Justification Form](#) is to be completed. If the estimated purchase exceeds \$250,000, the requisitioner must also complete the [TBR Non-Competitive Procurement Justification Form](#). Both of these forms are available as fillable forms on the Purchasing web site.

### **C. Purchases from University Bookstore:**

Purchases from the University Bookstore shall be made in accordance with TBR Purchasing Policies and Procedures.

### **D. Office Supplies Purchases:**

Office supplies are to be purchased using the TBR contract with [StaplesLink](#) unless a lower price can be obtained from another vendor. If an office supply purchase is to be made from a vendor other than Staples, it is the responsibility of the department making the purchase to maintain documentation with its payment file showing proof that a lower price was received on the item(s). The form used to document the savings is the [Staples Exception Form](#). These forms are subject to audit/review and are to be maintained by the department with its requisitions / procurement card documentation for the period of time as outlined in University policies and procedures.

Office supplies purchases are to be made using the pro-card; however, in the event that an invoiced purchase is made from a vendor other than StaplesLink, it will be necessary to include a copy of the completed exception form with the requisition when it is submitted to the Business Office for payment.

### **E. Purchases of Computers and Computer Related Items:**

Purchases of computer hardware and software are subject to the Information Technology Committee's approval process. Purchases for these items shall not be processed until the necessary approval has been obtained.

### **F. Request to Purchase from Other Than Low Bid:**

In the event that the lowest bidder does not meet the required specifications and the department wishes to award to other than the lowest bidder, the department shall supply written documentation to the Purchasing Office providing sufficient detail regarding the specification(s)/requirement(s) not met. Upon appropriate approval of the exception, the purchase order will be issued.

**G. Exceptions:**

Purchases made without adherence to TBR purchasing policies and/or University procedures may not be processed for payment. Exceptions will not be made unless fully documented in writing and approved by the President or the Vice President for Planning and Finance, or a designee. Unapproved purchases are the sole responsibility of the individual making the purchase.

Contracts not processed in adherence to TBR/University purchasing policies and procedures may not be processed. Exceptions will not be made unless fully documented in writing and approved by the President or the Vice President for Planning and Finance, or a designee.

The President must approve any exception of \$25,000 or more. Requests for exceptions are to be processed through the Purchasing Office.