PURCHASING HANDBOOK

FOREWARD

This Purchasing Handbook has been prepared to provide the University Departments with a reference guide to the policies for purchasing materials, equipment and services in accordance with sound business practice and the Wisconsin statutes.

With the varied and widespread activities of the University of Wisconsin - River Falls, it is imperative that uniform purchasing policies are established to maintain standards of efficiency and successful personal relationships within the University and with industry and the general public.

AUTHORITY, SCOPE AND RESPONSIBILITIES

A. The Statutes of the State of Wisconsin, Section 16.71, provide that the Department of Administration shall have sole authority for the purchase of materials, supplies, equipment and contractual services for all state agencies. The responsibility of this function has been delegated to the Bureau of Procurement.

The Department of Administration has authorized the University of Wisconsin System to operate procurement offices to serve their purchasing requirements. This delegation is contingent upon each university following the policies and procedures established by the Bureau of Procurement. The Purchasing Services Department of the University of Wisconsin - River Falls, functioning under this delegation of authority, services the procurement program of this institution.

This procurement program extends from the departmental determination of requirements for materials or services, through their requisitioning, bidding, purchasing, receiving, invoice audit and payment to their final consumption or disposal. The technical services of the Purchasing Services Department are available throughout the entire program.

These services include but are not limited to the following:

1. To counsel on product availability and appropriateness from a background of purchasing experience and technical knowledge. Department reference material includes current catalogs and literature.

2. To assist in the preparation of requisitions by furnishing specification and data; and to work in conjunction with the requisitioning parties in drafting of special specifications required for the procurement process.

3. To furnish assistance and advice in areas of special procedures or statutory requirements; i.e., licensed or restricted commodities, priorities, sealed-bid transactions, etc.
4. To assume full responsibility for the mechanics of purchasing, such as vendor selection, bidding, awards and order writing.

5. To expedite orders and to handle vendor contacts of claims and adjustments.

6. To arrange for routing and transportation of incoming and outgoing shipments covered by purchase orders.

7. To arrange for maintenance and repair services to University equipment, such as typewriters, laboratory equipment and calculators.

8. To dispose of surplus, obsolete and salvage material through the facilities of the Surplus Property Program.

B. In servicing the entire scope of procurement, the Purchasing Services Department has the responsibility:

1. To purchase, in ethical practice, at economical cost consistent with quality, requirements and delivery.

2. To insure procurement in compliance with statutory requirements of the State of Wisconsin, the administrative directives of the Bureau of Procurement, the Board of Regents and the administrative policies of the University of Wisconsin - River Falls Campus Administration.

3. STANDARD POLICIES AND PROCEDURES

A. GENERAL POLICIES

The University of Wisconsin - River Falls issues about 5,000 purchase contracts annually for all departments. Total expenditures are between $8,000,000.00 and $10,000,000.00 annually. (Add $)

To accomplish the procurement mission, even the essentially routine purchase functions are considerable. Along with, and beyond the mechanics of buying, are the technical services of the Purchasing Services Department which must function throughout the entire procurement program. All policies and procedures of the State of Wisconsin Bureau of Procurement as highlighted in the State Procurement Manual are applicable and are enforced for the University of Wisconsin-River Falls. For further information, please see (Add link)

In addition to the requisition process, the University of Wisconsin–River Falls Procurement Card Program is an aggressive program to provide departments a simple, cost-effective, and convenient way to make lower dollar and repetitive purchases. The program replaces low dollar purchase orders with most individual transaction limits ranging from $ 500-1500, but could be extended up to $ 5000
per transaction depending on the person and the department’s needs.

A supervisor may request that an employee be issued a procurement card, in writing, an e-mail is fine. The card is assigned to a particular 6-digit organization #; therefore, it is possible for an employee to have multiple procards. The procurement card is subject to certain limitations and cannot be used for any personal use, cash advances, computers, furniture items, etc. All purchases need to be documented with corresponding receipts, US Bank statements need to be signed by cardholder and approver, and all these records need to be turned in a monthly basis to Gail Anderson at 8 North Hall, Purchasing Services. For further details, please refer to the Procard Manual.

The Purchasing Services Department is a service agency for the whole of the University of Wisconsin - River Falls, and to service the whole, the Purchasing Services Department must work within a framework of orderly standard procedure with each component of the University.

This section sets forth the basic procedures for the Purchasing program from the pre-requisition period through inventory and disposal.

1. VALID REQUISITIONS - No purchase order may be issued prior to receipt by the Purchasing Services Department of a requisition identifying fund encumbrance and signed by the authorized account number designated person. Purchase orders may also be entered onto the Centralized Purchasing System, our on line, mainframe based, purchasing system and if properly authorized by the budget manager and will be processed as appropriate. No purchase order may be issued in anticipation of a valid requisition; the requisition must be in the Purchasing Services Department, or in emergencies, authorization may be obtained by contacting the Purchasing Services Department.

2. PRECEDENCE - In fairness to all University departments, requisitions are handled in order of receipt by the Purchasing Services Department. Incomplete requisitions always result in delays. Such requisitions are processed after properly prepared requisitions. Do not hesitate to call the Purchasing Services Department at ext. 3232 for any clarification in preparing your requisitions or entering your order in the Peoplesoft system.

3. STANDARD ITEMS - Where there is a State or University standardization of a commodity, or an applicable State Purchasing Bulletin, requisitions for nonstandard items will be filled only when accompanied by a definitive statement in detail as to why the standard item is not acceptable.

4. UNAUTHORIZED PURCHASES - An unauthorized purchase is a purchase made contrary to the provisions of this handbook section. Department of Administration Procurement Rules and the University of Wisconsin System Financial Policy and Procedure Paper, direct the processing of unauthorized purchase requests with the following additional information furnished:

a. Written justification of the procurement itself.
b. Written justification of the lack of prior approval.

c. A statement of management actions being taken to prevent repetition of the situation.

d. The DIVISION HEAD indication of review and approval.

e. SOURCES - U.W. System Financial Policy Paper #40

f. State Bureau of Procurement Rule PRO-E-8

5. INFORMATION - Department personnel are not to divulge any information concerning bids or purchases with persons outside the University. All requests for such information, including bidder's list, should be referred to the Purchasing Services Department at ext. 3232.

B. REQUISITION PROCEDURES

There are several steps involved in translating a departmental need for a commodity into a procurement action.

1. REQUISITION SPECIFICATIONS - Prior to preparing a requisition or entering an order on line, departmental clerical personnel should be furnished with complete and accurate information as follows:

   a. A source of supply should be suggested.

   b. Designate, on the requisition, a responsible and readily available person to be called if additional information or clarification is required.

   c. Information on specifications of items includes quantity, unit, description, cost, and total cost for complete requisition. Description includes, as applicable, manufacturer, model number, name, physical description, size, color and such other data to define the required item, and any other information such as, catalogs, or copies of catalog pages, literature etc.

   d. Point of delivery should include the room number and name of building. This information is to be given in the DELIVER TO box of the requisition.

   e. Delivery dates should be given in calendar dates or number of days, weeks, or months with due consideration for the processing time. DO NOT USE A.S.A.P. OR RUSH, they are meaningless to establishing delivery dates.

2. LEAD TIME - Lead time is the sum of all actions required in initiating the requisition, in its routing to the Purchasing Services Department, in the mechanics of purchasing, and in the delivery time of the vendor. A margin for unforeseen delays should be added also.
While vendor delivery time may be an unknown variable, the other elements of lead time are fixed and must be considered in departmental planning. Departmental experience will determine the average of time expended from the date the requisition is forwarded to the date of purchase order.

Emergency procurements are outlined in paragraph E-2. Realistic planning and an appreciation for the overall economy of the University will hold these to a minimum.

The departments are notified each year of the cutoff dates for processing requisitions for the closing of the fiscal year. Please refer to Section L, Subparagraph 3 titled CUT OFF DATES. Anticipated needs must be requisitioned in advance.

C. REQUISITIONS

1. FORMS AND PROCEDURE - Requests for materials, services, and equipment to be obtained from sources outside the University are initiated on Requisition Form P2. This form is also available on our WEB page. These are available upon request from Central Stores and are listed in their catalog. The white and yellow copies of the requisition, signed by the person authorized to sign for the account number, are forwarded in accord with the internal policy of each respective department, college, or division, to the Purchasing Services Department for processing. The pink copy is to be retained by the requisitioning department.

2. CONTENT - See Pages 16 & 17 for model requisition and explanatory instructions.

3. LISTS - When the list of items to be ordered exceeds eight items, do not show any items on the face of the requisition, but type "Per Attached List" on the face. Type a list of items on Form P3 and forward with requisition. This will eliminate extra processing time.

4. ADDITIONAL MATERIAL - Always attach copies of all drawings, copies of catalog pages, specification sheets, and any correspondence pertaining to the transaction, to the requisition. Any special information or instructions for the information or guidance of the Purchasing Services Department should be included in a memorandum. FULL CONCISE COMMUNICATION WILL EXPEDITE THE PROCUREMENT PROCEDURE.

5. REQUISITION INSTRUCTIONS - Instructions for completion of a requisition are found on the back of the requisition form. For additional assistance call the Purchasing Services Department at ext. 3232.

D. PRE-PURCHASE PROCEDURES
1. **EDITING** - All requisitions are edited for completeness and accuracy of specification; and for determination of procurement action: bidding, state purchasing bulletins or contracts, previous bids, price lists, catalogs or Pre-bid Purchase Agreements.

2. **VENDORS** - The selection of sources and vendors is the responsibility of the Purchasing Services Department. Departments are encouraged to recommend other sources if known.

3. **SPECIFICATIONS** - The Purchasing Services Department will make no major changes in specifications without advising the department concerned.

4. **AWARDS** - The Purchasing Services Department is responsible for bid awards based on consideration of quality, suitability, price, delivery, and prior performance of vendors. Services rendered the requisitioning department by firms in demonstrations of products and assistance in writing specifications may be considered, but do not constitute an obligation by the Purchasing Services Department. Requisitioning departments will be requested to assist in the evaluation of alternate bids prior to award. The Purchasing Services Department will not make an award on an alternate bid without approval of the requisitioning department.
E. PURCHASE ORDERS

Commitments made under the procurement authority of the Department of Administration are issued on Official State Purchase Orders, Form AD-P-10. This form as issued by the Procurement Department, is the only commitment which may be made by the University for goods and services with the exception of the Procurement Card.

The yellow copy of the requisition is returned to the person whose authorizing signature appears on the requisition. The requisition should be checked at once and any apparent discrepancies reported to the Purchasing Services Department immediately. The PURCHASE ORDER NUMBER, which appears in the UPPER LEFT HAND CORNER of the requisition, should be used for all future reference, rather than the account number or requisition number it superseded.

The PURCHASE ORDER, upon acceptance by the vendor, becomes a contract binding upon the university. Any change, cancellation or return of goods must be made through the Purchasing Services Department. Such actions require the prior approval of the vendor and are subject to penalty.

The PURCHASE ORDER issued by the Purchasing Services Department is the only commitment which may be made by the University for goods or services, with the exception of the Procurement Card. FINANCIAL RESPONSIBILITY FOR UNAUTHORIZED TRANSACTIONS SHALL BE ASSUMED BY THE INDIVIDUAL INVOLVED. Please reference Section A Subparagraph 4 titled UNAUTHORIZED PURCHASES.

TYPES OF PURCHASE ORDERS

1.BLANKET ORDERS - Blanket orders may be issued, on a very limited basis, to provide direct departmental pickup of miscellaneous supply items. Procurement cards should normally be used. These orders are limited to:

   a.Commodities other than those stocked by the Central Stores Department.

   b.SUPPLIES ONLY, with a ceiling of no more that $500.00 per item.

   c.A total of $1500.00 per invoice.

   d.Expenditure up to dollar limit shown on face of order.

   e.Termination on June 20, for orders committing State Funds.

2.EMERGENCY ORDERS - Purchase orders covering valid emergencies will be expedited by the Purchasing Services Department. An emergency order is still subject to the bidding requirements whenever practical. Consistent with the internal policy of their respective Department, College or Division, requesters may fax a requisition at 4980 or walk through a
requisition to the Purchasing Services Department. Such requisitions will be handled in a ROUTINE fashion unless a request for expediting, which explains the nature of the emergency, accompanies the requisition. Departments may call the Purchasing Services Department for assistance in expediting the placement of emergency orders.

3. RENTAL & LEASE ORDERS - Purchase orders are issued to cover the rental of equipment. All rentals are subject to the same bidding requirements as outright purchases. The Purchasing Services Department will conduct all bidding and sign all lease or rental agreements. All requisitions for leases must indicate the inclusive dates of the rental period.

4. CHANGE ORDERS & CANCELLATIONS - Change orders and cancellations must be issued by the Purchasing Services Department to modify an existing order. Changes made by others are invalid and any charges resulting from them will be a matter of the individual's personal responsibility. Call the Purchasing Services Department at ext. 3232 to initiate a change to or cancellation of an existing order. The request should be followed by a typed memo from the department within two working days.

5. SERVICE & MAINTENANCE CONTRACT ORDERS - Purchase orders are issued for the service and maintenance of University equipment, i.e., typewriters, calculators, laboratory equipment. Requisitions must indicate the period of time to be covered, the total cost and the ORIGINAL maintenance agreement or service contract. All service contracts and maintenance agreements must be signed by the Purchasing Services Department.

6. REPAIR ORDERS - Purchase orders are issued for the repair of University equipment, i.e., calculators, staplers, laboratory equipment. Departments must send a requisition to the Purchasing Services Department indicating an approximate or exact total cost. The ORIGINAL PURCHASE ORDER WILL BE RETURNED TO THE DEPARTMENT and should be included with the equipment. Call Central Stores at ext. 3570 to arrange for the shipment of equipment to be repaired to the vendor.

F. EXPEDITING, CLAIMS & CORRESPONDENCE

1. EXPEDITING - The Purchasing Services Department maintains a routine follow-up on orders which show a definite (calendar) delivery date. Any order will be expedited at the request of the requisitioning department.

2. CORRESPONDENCE - The Purchasing Services Department will conduct all correspondence with vendors in reference to purchase orders. Vendor questions concerning orders requiring departmental decision will be referred to the requisitioning department and should be acknowledged promptly. Departments are not to correspond directly with vendors without the
approval of the Purchasing Services Department.

3.CLAIMS - All deliveries must be inspected immediately and any shortage, overage, specification discrepancy, or damage must be reported at once to Central Stores at ext. 3570. Where damage is noted, all packing materials must be retained until disposition is recommended by Central Stores.

3 NOTICE OF CLAIM - Departments MUST notify Central Stores within two (2) working days of any type of claim.

4.RETURNS - All returns are to be coordinated through Central Stores. If the vendor makes an error or damage in shipment occurs, Central Stores will handle all paperwork and vendor contacts.

If a department makes an error in ordering, they are to contact the vendor, obtain return authorization (and number if provided) and determine the correct item to be ordered. After this has been completed, the department should call Central Stores to arrange for pick up and shipment of incorrect goods back to the vendor. Note- there may a restocking fee for returning the items. Instructions for Change Orders & Cancellations (E-5) should be followed as needed. If a new order is required, the department should submit a new purchase requisition.

OVER $25,000.00

G.OFFICIAL SEALED BIDS

The Wisconsin Statutes provide that all material and contractual services, where the total estimated cost exceeds $25,000.00, shall be purchased from the lowest responsible bidder after Official Sealed Bids have been taken. Bids may not be opened until the specified bid opening date and time. Bids are formally opened and read publicly at the time indicated on the bid.

Lowest responsible bidder is not necessarily only determined by lowest price. The bidder who is awarded a bid because the bid in price, total cost of operation or value per dollar is lower than any the other bidders.

In addition to official sealed bid procedures, these transactions require:

1. A minimum of 4 weeks lead time to prepare the bid.

2. Careful planning, Non-Standard (Generic) specifications, and special conditions of bid.

3. Legal notice for a minimum of two weeks in the official state newspaper.

4. A letter of intent to contract sent to the apparent low bidder at least five working days before the date of award.

5. A letter of justification placed in the bid file where award is made to other than the low
bidder. Where exception is taken, the Purchasing Services Department will recommend
an award, the requisitioning department will evaluate and prepare the letter of
justification rejecting any low bids.

Letters of justification rejecting a low bid shall include a definitive statement of the
departmental position advising specifically why the low bid is not acceptable. Such
letters of rejection must contain **OBJECTIVE REASONS**.

6. All bid files are **public record** only after the award. SOME INFORMATION IS
CONFIDENTIAL BETWEEN THE BID OPENING AND THE TIME AN AWARD IS
MADE. Departments are not to discuss any Official Sealed Bid with anyone outside
the University after the bid opening but before the award is made. Any requests for
information should be referred to the Purchasing Services Department.

7. The State of Wisconsin now requires that State Agencies use Non-Standard, or "Generic"
specifications in bid documents. The University System is using Non-Standard
specifications for bids over $25,000.00. This use of non-standard is to ensure open and
fair competition for all potential bidders. The Purchasing Services Department will ask
the assistance of the requisitioning department in preparing these specifications using
the following guidelines.

Non Standard or Generic specifications:
1. Write specifications so as to permit the lowest responsible bid to be the principal basis
   of award.
2. Use performance criteria that will not restrict competition or limit the number of
   sources bidding.
3. Use specifications with no trade names. However, please provide the manufacturers
   name and model number of the product desired to the Purchasing Services
   Department, so that we can better assist you in the preparation of specifications.
   If this is determined to be inappropriate, please contact the Purchasing Services
   Department. We will need to document the rationale for using trade names in the
   bid file.

$5,000.00 TO $25,000.00

I. **SIMPLIFIED BIDDING**

The State Bureau of Procurement requires that all materials, equipment, and services between
$5,000.00 to $25,000.00 be obtained using simplified bidding procedures. Simplified Bids can be
obtained from price lists, quotes on file, phone or verbal quotes, written bids or FAX bids. If written
bids are used, specifications and bid packets are prepared and sent to prospective bidders. A period
of 1 to 10 days are allowed for bids to be returned to the bid response file. Upon expiration of the
due date, the bids are listed on an abstract, evaluated, and awarded to the **lowest responsible bidder**.
It is the responsibility of the Purchasing Services Department to solicit such bids in accordance with sound business practices and within the rules and guidelines established by the State Bureau of Procurement. All information pertaining to the bid results are CONFIDENTIAL until after the award.

Simplified bids must be confirmed in writing by the successful vendor. The Purchasing Services Department of each campus may make exception to this requirement only when circumstances require immediate or emergency action. Such action represents a waiver of procedure and must be documented by the requisitioning department on the requisition.

$0.00 TO $5,000.00

J. BEST JUDGEMENT

Purchases up to $5,000.00 do not have to be selected from the taking of written bids. Telephone quotations, current catalog comparisons or other means of obtaining competitive quotes are acceptable. Such price comparisons must be documented and on file in the Purchasing Services Department bid files. This information may be typed in the "Alternate Vendor Abstract" section of the Purchase Requisition. Some flexibility is allowed in this category. Departments are urged to make a special effort to award to small businesses, minority businesses and sheltered workshops.

L. MISCELLANEOUS

1. LOWEST RESPONSIBLE BIDDER - The Wisconsin State Statutes require that purchases be made from the lowest responsible bidder when all factors considered best meet the requirements of the solicitation.

   The lowest responsible bidder is not always the lowest bidder, however, when the low bid is rejected, written objective justification must be placed in the bid file. Rejection of low bids are subject to approval of the Purchasing Services Department. The requesting department will be requested to evaluate alternate bids to assist in determining the lowest responsible bidder and provide the objective justification to accept or reject a low bid.

2. PUBLIC RECORDS - ALL FILES - The Purchasing Services Department's bid files, once awarded, are public record and open for inspection upon request. Departments furnishing information, making bid evaluation, or rejecting bids must bear this in mind. All correspondence pertaining to bids or evaluation must be proper and objective. Inappropriate comments or vendor evaluations will not be accepted.

3. CUT-OFF DATES (Reference State Procurement Manual PRO-D-24) are as follows:

   Monday Second Week in April
   $25,000.00 and over - Contractual Services & Commodities
Monday Last Week of April
$25,000.00 and under - Contractual Services & Commodities
4. RENEWAL CONTRACTS FISCAL YEAR TURNOVER - Contracts which are to be renewed each fiscal year will be accepted and preliminary processing initiated between May 1st and June 30th of each year. Departments are requested to issue requisitions for such renewals marked "NEXT FISCAL" on top of the requisition. This will allow the Purchasing Services Department sufficient time to bid or obtain new contracts and type New Fiscal Purchase Orders prior to July 1.

5. PRINTING - The purchase of printing from any off-campus vendor is delegated to the Publications Office on the UW-River Falls campus. All purchase requisitions for printing should be sent directly to the Publications Office.

Contracts for many types of printing are established by the State of Wisconsin and administered through the Publications Office. Any type of printing not covered by contracts must be bid by the Director of Publications. The Publications Office will be happy to assist you with any pre-printing tasks such as editing, design, layout, and "camera ready" preparation. Please contact the Publications Office at 3845 with any questions you have concerning printing.

6. MINORITY BUSINESS PROGRAM - The Wisconsin State Minority Business Enterprise Program is designed to increase the opportunity for minority firms to sell their products and services to the State of Wisconsin and its agencies.

Minority Business is defined as a sole proprietorship, partnership, joint venture or corporation that is at least 51% owned, controlled and actively managed by minority group members. Minority group member means any of the following: Black, Hispanic, American Indian, Eskimo, Aleut, Native Hawaiian, Asian Indian, or a person of Asian-Pacific Origin.

UW-River Falls and the Purchasing Services Department fully supports the goals of the Minority Business Enterprise program and aggressively pursues additional Minority Business. We request your assistance in this effort. We have a listing of Wisconsin State Certified Minorities available for departments upon request. We ask that you use this listing to assist you in searching for products and services. When possible to order from a Minority Business on a procurement card, please do so, and advise the Purchasing Services Department.

7. FREIGHT AND PAYMENT TERMS - The Requisition Form (P2) asks that the freight and payment terms be entered. Freight term statements establish point of ownership and responsibility for transportation costs. The abbreviation F.O.B. means "Free On Board". This means that the product will be placed on a mode of transportation, usually a trucking company, or UPS, without any loading cost and free of any encumbrances. F.O.B. is then followed by a statement such as "Origin", or "Shipping Point", or perhaps the name of a city. Additional statements could be "Destination", or "Your Dock", or again "River Falls".
The above terms define where title or ownership passes from the shipper to the customer. Origin, Shipping Point, or a city, and establish that title and ownership pass to the customer at the time of shipment, and all claims and problems associated with the shipment are handled by the customer. A statement of F.O.B. Destination, or Your dock, or River Falls, means that title passes to the customer after the shipment arrives at the customers location, therefore all claims and related paperwork are handled by the shipper.

Each freight statement should have an additional statement which defines which party pays for the shipment. Vendors may have three additional statements such as Freight Prepaid and Charged, or Freight Prepaid and Allowed, or Freight Collect. These three statements can be used in any combination of the above definitions.

A freight statement could read F.O.B. Destination, Freight Prepaid and Charged. This means that the title and related freight claim responsibilities will pass to the user at the time of final delivery, but the user will pay for the freight charges. Another Example could be; F.O.B. Shipping Point, Freight prepaid and allowed. This will mean that title will change at the shippers dock, but that they will pay all freight charges.

Sometimes, the only statement you will see is "F.O.B. Destination", or F.O.B. Shipping Point, without the statement of the monetary portion, in those cases F.O.B. Destination will mean that the vendor will pay the freight and allow title to change hands at the customers dock, and conversely F.O.B. Shipping Point will mean, that the customer pays all freight charges and that the title changes at the shippers dock.

The above discussion of freight terms refers to Block #5 on the requisition form. For the times when freight charges are being paid completely by the vendor, please mark that shipping charges are included. When the charges are being paid by the customer, please check prepay and add. If you have any questions concerning freight terms, please call Purchasing Services at 3232.

The most common payment terms are "Net 30", "2%10, Net 30", and some variations of these. Please be sure you enter the vendors payment terms in the proper box on the requisition form. If you do not know, leave that box blank.

8.PREPAID PURCHASE ORDERS - Orders that need to be prepaid require special handling. Requests below $300.00 can be prepaid upon the request of the ordering department, with appropriate justification. Orders above that level require written documentation from the vendor demonstrating the requirement for prepayment. Please contact the Purchasing Services Department at 3232, or the Accounting Department at or 3901 for more information if you have a request for a prepaid order.