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Pete Ricketts, Governor

DATE: July 1, 2016

TO: All Agencies, Boards, and Commissions

FROM: Bo Botelho, Administrator  
Administrative Services - Materiel Division

CC: Byron Diamond, Director of Administrative Services  
Brenda Pape, State Procurement Manager  
State Purchasing Bureau Supervisors and Buyers

SUBJECT: Unrestricted Open Market Purchase Authority FY 2016-2017

State Statute §81-161.03 RRS authorizes Administrative Services (AS) Materiel Division to grant agencies unrestricted open market purchase authority for the purchase or lease of goods for non-contract purchases for under \$10,000. There are exceptions to this authorization. Refer to Attachment I and read this document thoroughly.

#### A. PROCUREMENT PRACTICES

Agency representatives with Payroll and Financial Center PT30 and PT31 security levels are required to attend and successfully complete the Payroll and Financial Center Procurement Certification program. Agencies are strongly encouraged to send program managers who are responsible for developing specifications and scopes of work to procurement training as well. State Purchasing Bureau schedules procurement training a minimum of once per quarter. Agency personnel are able to register for training through the Employee Development Center at <http://link.nebraska.gov/>. If you have any questions regarding certification training, please contact Brenda Pape, State Procurement Manager at 402-471-6500.

In addition, the State Purchasing Bureau conducts Procurement User Group (PUG) meetings on a quarterly basis. The PUG meetings are an avenue utilized to keep agencies up-to-date on procurement processes and best practices. Agencies are strongly encouraged to send their staff who are responsible for procurement for their agencies, including program managers.

1. Prior to making any direct purchases, agencies are to verify whether a contract is available for the product needed by checking the Payroll and Financial Center or the AS Materiel Division, State Purchasing Bureau website at <http://das.nebraska.gov/materiel/purchasing.html>. If a contract is available, the purchasing agency must generate a purchase order from the contract in the Payroll and Financial Center. **A Pcard may not be used when making purchases from a contract. Purchase orders are to be completed prior to placing the order with the contractor.** Purchase orders clearly state the product(s) the contractor is to provide, the quantity and the product price(s). The purchase order protects the State with terms and conditions for the purchase. Purchase orders must have an authorized signature prior to sending the order to the contractor in order for the purchase order to be valid.
2. If a contract is not available, and the purchase amount is between \$2,000 and \$9,999.99, agencies are strongly encouraged to solicit 3 informal bids from qualified vendors who can provide the product(s). **Purchase orders are required to be generated for all direct purchases between \$2,000 and \$9,999.99 prior to placing an order with a vendor.** These must be entered in the Payroll and Financial Center. Documentation, including vendor names

and bid prices, must be attached to the purchase order(s) in the Payroll and Financial Center. See work instructions on how to attach documents in the Payroll and Financial Center at: [http://das.nebraska.gov/nis/training\\_manuals/index.html](http://das.nebraska.gov/nis/training_manuals/index.html)

- a. Agencies are responsible for ensuring that vendors support a Drug-Free Work Place Environment. The Invitations to Bid and Request for Proposals which are processed through the AS Materiel Division, State Purchasing Bureau, include a statement which addresses the vendors' Drug-Free Work Place policies. In order to eliminate the need for a "Drug-Free Vendors" list, it is recommended a similar statement be included in purchases processed through your agency, such as:

"By signing this Invitation to Bid, the bidder agrees to the "Standard Conditions and Terms of Bid Solicitation and Offer" and is committed to provide a drug-free work place environment."

The above statement is included on the agency Invitation to Bid form(s) in the Payroll and Financial Center, which should be utilized when soliciting bids from vendors.

3. **State statutes §83-144 through 83-152 requires all State agencies, boards, and commissions which are supported in whole or in part by taxation to purchase items produced or manufactured by Cornhusker State Industries unless such articles of equal quality and materials could be purchased from another supplier at a lesser cost.** Administrative Services may create an exception from the mandatory provisions of the referenced statutes when the article produced or manufactured does not meet the reasonable requirements of the agency, board or commission. Further, Department of Correctional Services may create an exception from the statute provisions in any case when the requisition made cannot be completely complied with on account of an insufficient supply of the article or supplies required, or otherwise. No such agency, board or commission shall be allowed to evade the intent and meaning of these statutes by slight violations from standards adopted by the department, when articles produced or manufactured by it in accordance with its standards are reasonably adapted to the actual need of the agency, board or commission. The following categories of items are available from Cornhusker State Industries:

- a. Chairs and Seating
- b. Panels Systems
- c. Furniture, including tables, filing cabinets, library fixtures, student desks, wood bench seating
- d. Modular Office Furniture
- e. Janitorial Supplies
- f. Signs and Awards
- g. Outdoor/Metal, including metal benches, park grill grates, bunk units, metal picnic tables, footlockers, bicycle racks, recycled plastic picnic tables, handicap assessable picnic tables, etc.
- h. Braille Products
- i. Dry Goods
- j. Custom Work

For additional information regarding products available from Cornhusker State Industries, see their website at: <https://www.nebraska.gov/apps-csi/> or contact Travis Atwood, Sales & Marketing Manager at 402-471-1244.

4. Agencies have authority to purchase directly from Cornhusker State Industries, Department of Correctional Services (CSI) for any dollar amount. There are no restrictions on the dollar amount of the purchase. Document type (OH), in the Payroll and Financial Center, shall be used for these purchases.

- a. **Any item available from CSI, but not purchased from CSI, must be processed through the AS Materiel Division, State Purchasing Bureau.** Document type (OW), in the Payroll and Financial Center, shall be used for these purchases. CSI catalog is available on-line at: <https://www.nebraska.gov/apps-csi/public/listLiterature>.

5. Agencies have unlimited purchase authority for **COPYRIGHTED** publications and these purchases are not required to be processed through the State Purchasing Bureau. Document type (ZO), in the Payroll and Financial Center, shall be used for these purchases.

#### **B. FIXED ASSETS**

1. All purchases of fixed assets using object account numbers between 580300 and 586999 are to be made by generating purchase orders in the Payroll and Financial Center
2. **Any and all trade-ins** must be submitted to State Surplus Property for approval by the AS Materiel Division Administrator **prior** to the trade-in of any equipment. **No exceptions!**

#### **C. IT EQUIPMENT**

1. With a dollar amount under \$500, Agencies are allowed direct entry of an (OP) purchase order, p-Card, or direct pay when purchasing non-contract IT items, on the pre-approved items list.
2. When completing a one-time purchase of a non-contract item over \$500, the Agency must use an (O6) generated from an (ON) for Commodities.
3. For items on contract and pre-approved, agencies are to generate an (O6) purchase order from (OC) commodity contract.
4. For items on contract but not on the pre-approved list, agencies are to generate an (O6) purchase order from (OC) contract.

#### **D. SERVICE CONTRACTS**

Per State Statute §73-503 **all** service contracts, regardless of dollar amount, must be entered into the Payroll and Financial Center. **No exceptions!**

1. When entering a service contract, State Statute §73-503(4) requires the agency to identify a physical location of where a copy of the bid documents and service contract are located. This information is to be entered in the Additional Properties, Document Location field.
2. On service procurement(s) \$50,000 and over and on contract, purchase orders must be generated from the contract using (O9) purchase order document type. Purchase orders must have an authorized signature prior to sending order to the vendor in order for the purchase order to be valid.
3. If there isn't a contract, and the purchase order is \$25,000 or greater but less than \$50,000, a one-time purchase order must be generated utilizing the (Z8) document type in the Payroll and Financial Center.

Purchase orders are to be completed and signed by an agency authorized agent prior to placing the order with the vendor. Purchase orders clearly state the service to be provided, quantity and the price(s). The purchase order protects the State with terms and conditions for the purchase.

**E. PUBLIC WEBSITE**

State Statute §84-602.02 provides for a database on the Materiel Division website. This website allows for the viewing of each active contract that is a basis for an expenditure of state funds, including any amendment to such contract and any document incorporated by reference in such contract. This database is accessible by the public and searchable by vendor, by agency, board, commission, or department, and by dollar amount.

All agencies, boards, commissions, and departments of the state shall provide to the Department of Administrative Services, in electronic form, copies of such contracts for inclusion in the database. This is accomplished through Hyland OnBase Enterprise Content Management (ECM) application. This database also includes copies of all expired contracts. Agencies should refer to the statute for specific contracts which may be withheld from inclusion on the database.

Agencies must have their contracts and one time purchase orders entered in the Payroll and Financial System Procurement Module. Agencies must also generate purchase orders from contract in order to provide an accurate tracking of expenditures against a contract.

**F. PROCUREMENT MANUALS**

Agency procurement manuals for goods and services are available on the AS Materiel Division, State Purchasing Bureau website at: [http://das.nebraska.gov/materiel/purchase\\_bureau/agency-info.html](http://das.nebraska.gov/materiel/purchase_bureau/agency-info.html) Agency staff is encouraged to read these manuals carefully in order to ensure compliance with procurement processes. These manuals include detailed information on processes. Agencies should visit the website often to keep up-to-date on current policies and processes.

If you have any questions or concerns, please contact me at 402-471-2401.

Thank you.

Attachment

## ATTACHMENT I RESTRICTED ITEMS

**ITEMS RESTRICTED FROM DIRECT PURCHASE AUTHORIZATION ARE LISTED BELOW.** Normal statutory authorization or additional direct purchase authority **cannot** be used for these items. These items **cannot** be purchased by any agency for any dollar amount without prior written approval of AS Materiel Division, State Purchasing Bureau or in the case of telecommunication equipment – Office of the Chief Information Officer (OCIO), or for Motor Vehicles – Transportation Services Bureau (TSB).

1. **Office Supply Items** – Agencies **must** purchase office supply items from the statewide contract with Office Depot or through Office Supply Bureau. Please check the website at: <http://das.nebraska.gov/materiel/osb/> or contact Office Supply Bureau at 402-471-2412 for process instructions. Online ordering is required. Agencies are required to complete their own online orders. Please contact Charla Peterson at 402-471-2412 or [Charla.Peterson@nebraska.gov](mailto:Charla.Peterson@nebraska.gov) for assistance in setting up access for online ordering.

2. **Printing Services (formerly Print Shop/Copy Services)** – All printing requests **must** be processed through the AS Materiel Division, Printing Services. Printing Services will determine how the request will be processed to ensure the request is completed in the most cost effective manner that meets the needs of the agency. Please contact Craig Van Slyke at Printing Services at 402-471-2826 for assistance.

Printing Services is responsible for the purchasing and placement of leased or purchased agency copiers. Please contact John Penrod at (402) 471-2901 for assistance.

3. **Telecommunication Equipment** – The Office of the CIO, Division of Communications, is responsible for the acquisition, coordination and consolidation of all telecommunications equipment and services to include:
  - Telephone equipment, and services;
  - Data communications equipment, and services to include switches, routers, and hubs;
  - Radio equipment; and
  - Fax machines - Requests for fax machines should be sent to OCIO. If the request is \$10,000 or more, it will be forwarded by AS Communications to AS Materiel Division, State Purchasing for processing.

All Telecommunications requests for equipment and services must be submitted via the Payroll and Financial Center on the (OT) document type.

4. **Mail Equipment, Postage Meters, Postage, and Scales, etc.** – **must** be processed through AS Materiel Division, Mail Center with the exception of Department of Corrections for canteens for inmates. Please call John Barron at (402) 471-2293 for assistance.
5. **Micrographic Equipment** – Requests for this type of equipment **must** be submitted to State Purchasing. These must be processed on the (OW) document type.
6. **Motor Vehicles** –
  - All contract purchases of passenger vehicles are processed using a purchase order (OU) document type and requires the approval of the AS Transportation Services Bureau with the exception of those motor vehicles indicated in State Statute §81-1-11. Once the purchase order has been approved by AS Transportation Services Bureau, the agency is responsible for e-mailing the purchase order to the contractor.

- Exceptions to State Statute §81-1-11 still require the issuance of a purchase order (OK) document type. The agency is responsible for e-mailing the purchase order to the contractor.
  - If the purchase involves a trade in these orders must be submitted to State Surplus Property and approved by the Materiel Division Administrator prior to ordering. **No exceptions!**
  - If an agency needs a vehicle that is not on contract, the agency is responsible for entering a requisition in the Payroll and Financial System using the (OI) document type.
7. **Weapons/Guns** – All weapons/guns must be processed through AS Materiel Division, State Purchasing Bureau. These must be processed on the (OW) document type in the Payroll and Financial Center.
8. **Contract Items** – Items for which contracts have been established by the AS Materiel Division, State Purchasing Bureau, **cannot** be purchased from other sources without written approval from State Purchasing. Once approval is obtained, the purchasing agency must proceed with generating a purchase order in the Payroll and Financial Center. Purchase orders are to be completed prior to placing the order with the contractor. Purchase orders clearly state the product(s) the contractor is to provide, the quantity and the product price(s). The purchase order protects the State with terms and conditions for the purchase. Purchase orders must have an authorized signature prior to sending order to the vendor in order for the purchase order to be valid.
9. **Information System Items** – As defined in State Statute §81-1117 (1), the Office of the CIO must approve the acquisition of any information management item prior to any purchase. This includes computer equipment, peripheral devices, software, maintenance and professional services for any IT project.

- The Nebraska Information Technology Commission has adopted a policy that enables the Office of the CIO to maintain a list of preapproved items for purchase by agencies. A copy of this policy, the criteria used in conducting reviews of information management purchases and the list of preapproved items are available at <http://nitc.ne.gov/standards/1-204.html>.
- For purchases not on the list of preapproved items, agencies must enter an (ON) document type (for purchases not on contract) or an (O6) document type (for purchases on contract). Purchases using these document types automatically routed to the Office of the CIO for review and approval. Agencies must provide sufficient information that allows the reviewer to determine what is being purchased, the purpose, total cost, and a contact for additional information. This information can be provided as either a text note or an attachment to the header in the Payroll and Financial Center. See instructions at [http://das.nebraska.gov/nis/training\\_manuals/proc/index.html](http://das.nebraska.gov/nis/training_manuals/proc/index.html).

Requests for routine purchases, such as PCs, laptops, printers and small dollar items are typically acted upon within one work day.

- If the request is \$10,000 or over and not on contract, the (ON) document type will route to AS Materiel Division, State Purchasing Bureau for processing after OCIO approval.
10. **All items based on GSA like Pricing \$10,000 and over** must be processed through and approved by the AS Materiel Division, State Purchasing Bureau as per State Statute §81-153 (7). Agencies must provide a copy of the GSA contract along with the requisition. State Purchasing will make the final determination on whether GSA like pricing is in the best interest of the State. Agencies are required to attach a copy of the GSA contract to their purchase requisition in the Payroll and Financial Center as header attachment.

11. **Non-Cornhusker State Industries Purchases** – If the agency is ordering products **manufactured or produced by CSI**, but are requesting to purchase these products from another source, the ordering agency must submit a requisition to State Purchasing for processing. A justification, from the Agency Director, for not utilizing CSI for these purchases must be attached to the requisition. These orders must be processed using the (OW) document type in the Payroll and Financial Center. **No exceptions!**