



Pete Ricketts, Governor

DATE: June 10, 2019

TO: All Agencies, Boards, and Commissions

FROM: Doug Carlson, Administrator
Administrative Services - Materiel Division

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

SUBJECT: Unrestricted Open Market Purchase Authority FY 2019-20

State Statute §81-161.03 authorizes Department of Administrative Services (DAS) Materiel Division to grant agencies Unrestricted Open Market Purchase Authority for the purchase or lease of goods for non-contract purchases under \$25,000. There are exceptions to this authorization. Refer to Attachment I and read this document thoroughly.

A. PROCUREMENT CERTIFICATION:

Pursuant to State Statute §81-161.03 purchases for miscellaneous needs may be made directly by an agency without prior approval from the Materiel Division for purchases less than \$25,000 if the agency has completed a certification program as prescribed by the Materiel Division. Agency representatives with Payroll and Financial Center PT30 and PT31 (including PT40 and PT41) 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 responsible for developing specifications and scope of works to procurement training as well. The State Purchasing Bureau (SPB) 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 State Procurement Manager at 402-471-6500.

B. QUARTERLY PUG MEETINGS:

In addition, the SPB 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 appropriate staff members responsible for procurement in their agencies, including program managers or sign up to participate through Live Stream.

C. REQUIRED PROCESSES:

The following are processes and procedures agencies must follow when utilizing their Unrestricted Open Market Purchase Authority:

Doug Carlson, Materiel Administrator

Department of Administrative Services | MATERIEL DIVISION

1526 K Street, Ste. 130
Lincoln, Nebraska 68508

OFFICE 402-471-6500
FAX 402-471-2089

das.nebraska.org

1. **Cornhusker State Industries (CSI):** State statutes §83-144 through 83-152 require all State departments, institutions and agencies which are supported in whole or in part by taxation to purchase items produced or manufactured by CSI 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.
 - a. Further, The Nebraska Department of Correctional Services (NDCS) 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 State departments, institutions, and agencies which are supported in whole or in part by taxation shall be allowed to evade the intent and meaning of these statutes with slight variations 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 CSI:
 - i. Chairs and Seating;
 - ii. Panel Systems;
 - iii. Furniture, including tables, filing cabinets, library fixtures, student desks, wood bench seating;
 - iv. Modular Office Furniture;
 - v. Janitorial Supplies;
 - vi. Signs and Awards;
 - vii. Outdoor/Metal, including metal benches, park grill grates, bunk units, metal picnic tables, footlockers, bicycle racks, recycled plastic picnic tables, handicap accessible picnic tables,
 - viii. Braille Products;
 - ix. Dry Goods; and,
 - x. Custom Work.

The categories may change, so refer to the CSI website for up-to-date information. For additional information regarding products available from CSI, see their website at: <https://csi.nebraska.gov/products> or contact CSI Sales & Marketing 1-800-348-7537.

Agencies have unrestrictive authority to purchase directly from CSI, NDCS for any dollar amount. Document type (OH), in the Payroll and Financial Center, shall be used for these purchases.

Any item available from CSI, but not purchased from CSI, must be processed through the DAS Materiel Division, SPB. Document type (OW), in the Payroll and Financial Center, shall be used for these purchases.

2. **Check for Contract Availability:** (Policy) Prior to making any direct purchases, agencies are to check to see whether a contract is available for the product required by checking the Payroll and Financial Center or the DAS Materiel Division, SPB website at <http://das.nebraska.gov/materiel/purchasing.html>. If a contract is available, the purchasing agency must utilize the contract and generate a purchase order from the contract in the Payroll and Financial Center.
3. **P-Card Purchases:** A p-card may be used for purchases \$2,000 and less, provided the item(s) is not on contract.

4. **Non-Contract Purchases:** For non-contract purchases greater than \$2,000.00 a purchase order must be completed **prior** to placing the order with the contractor. Purchase orders are to clearly state the product(s) the contractor is to provide (name and item number), the quantity provided, and the product price(s). The purchase order protects the State with terms and conditions for the purchase. Purchase orders also encumber agency funds. Purchase orders must have an authorized signature prior to sending the order to the contractor. Utilizing existing contracts saves agencies time and effort. Contracts are solicited through SPB using statewide usages in order to gain economies of scale. If agencies are not utilizing an existing State contract, the State would lose the overall advantage of contract pricing.
5. **Direct Purchases \$2,000 - \$25,000:** (Policy) **Agencies are highly** encouraged to solicit bids from a minimum of three (3) vendors to ensure effective and reasonable pricing whenever possible.
 - a. **Purchase orders are required to be generated for all direct purchases between \$2,000 and \$25,000 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: http://das.nebraska.gov/nis/training_manuals-9.1/procurement/index.html.
6. **Drug Free Work Place:** Per Executive Order, Agencies are responsible for ensuring that vendors support a Drug-Free Work Place Environment. The Invitation to Bids and Request for Proposals, which are processed through the DAS Materiel Division, SPB, include a statement which addresses the contractors' Drug-Free Work Place policies. It is recommended a similar statement be included in purchases processed through your agency, such as:

“By signing this Invitation to Bid/Request for Proposal, 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/Request for Proposal form(s) in the Payroll and Financial Center, which should be utilized when soliciting bids.
7. **Copyrighted Publications:** Agencies have unlimited purchase authority for copyrighted publications and these purchases are not required to be processed through the SPB. Purchase Order document type (ZO), in the Payroll and Financial Center, shall be used for these purchases.
8. **Trade-Ins:** Pursuant to State Statute §81-153(3) the Materiel Division of the Department of Administrative Services has the power and authority to sell and dispose of the State's surplus personal property or initiate trade-ins when determined to be in the best interest of the State. The Materiel Division policy is that **any and all trade-ins, regardless of cost**, must be submitted to the SPB using the (OW) requisition. Any and all trade-ins must be approved by the SPB and State Surplus Property **PRIOR** to the trade-in of any equipment. The Materiel Administrator has the sole authority for approving any and all trade-ins of state property. The purchase authority of any using agencies which shall mean and include all officers of the state, departments, bureaus, boards, commissions, councils, and institutions receiving legislative appropriations does not alleviate them from the responsibility to ensure that the proposed trade-in is approved by the proper departments **PRIOR** to proceeding with any transaction or acceptance of any bid or offer from a vendor.

D. FIXED ASSETS (State Accounting Manual):



1. All purchases of items meeting the requirements for capitalization (see Annual Fixed Asset Memo found at: <http://das.nebraska.gov/materiel/surplus/fixed-asset.html>) must be coded to object codes 580300 and 586999 are to be made by generating purchase orders in the Payroll and Financial Center.

E. IT EQUIPMENT (State Statute §81-1117):

1. Agencies are allowed to use direct entry of an (OP) purchase order, P-Card, or direct pay when purchasing non-contract IT items, on the pre-approved items list.

<https://nitc.nebraska.gov/standards/1-205.pdf>

2. When completing a one-time purchase of a non-contract item, the Agency must use an (O6) purchase order generated from an (ON) requisition for Goods in order to route to OIO for approval.
3. For items on contract and pre-approved or non-pre-approved, agencies are to generate an (O6) purchase order from an (OC) goods or (O4) services contract.

F. SERVICE CONTRACTS:

Pursuant to State Statute §73-503 **all** contracts for services, regardless of dollar amount, must be entered and documented in the Payroll and Financial Center.

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 tab, Document Location* field and the person to contact in the *Document Contact* field.
2. On service procurement(s) \$50,000 and over, and on contract, purchase orders must be generated from the contract using (O9) service, (O6) IT Equip & Svcs or (Z8) two-way match services purchase order document types. Purchase orders must have an authorized signature prior to sending order to the contractor.
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 (O9) or (Z8) service document type in the Payroll and Financial Center.

Purchase orders are to be completed and signed by an agency authorized buyer prior to placing the order with the contractor. 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. The purchase order also encumbers agency funds.

G. STATE CONTRACTS DATABASE - PUBLIC WEBSITE:

State Statute §84-602.04 requires a database on the Materiel Division web site to include a copy of each active contract that is a basis for an expenditure of state funds, including any amendment, extension, or renewal. One-time purchase orders that are not from a contract are also to be included in the database, as they constitute an agreement to expend state funds. This database is also to include a copy of all expired contracts previously included in the database. This database is accessible to the public and searchable by vendor, agency, board, commission, or department, campus or college, dollar amount, and document number.

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. Agencies should refer to the statute for specific redaction requirements and exemptions from the requirements of the statute.

Agencies must have 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.**

H. PROCUREMENT MANUALS:

The State of Nebraska Procurement Manual is available on the DAS Materiel Division, SPB website at: http://das.nebraska.gov/materiel/purchase_bureau/agency-info.html. Agency staff are encouraged to read the manual carefully in order to ensure compliance with procurement processes and to download the most current forms. The manual includes 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 our offices at 402-471-6500. Thank you.

Sincerely,

Doug Carlson, Materiel Administrator
Department of Administrative Services

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 DAS Materiel Division, State Purchasing Bureau (SPB), Office of the Chief Information Officer (OCIO), or Motor Vehicles, Transportation Services Bureau (TSB).

1. **Office Supply Items** – Pursuant to Statute §81-1118(1) the Materiel Division of the Department of Administrative Services has the responsibility for providing office supply items, paper, to using agencies. Agencies **must** purchase office supply items from the statewide contract with Office Depot or other contract established by the State Purchasing Bureau. Please check the website at: <http://das.nebraska.gov/materiel/osb/> or contact SPB at 402-471-6500 for process instructions and access to the Office Depot Account Application. Online ordering is required. Agencies are required to complete online orders. Please contact the Buyer at 402-471-6500 for assistance in setting up access for online ordering. In the event the Agency wishes to purchase an item "restricted" on the Office Depot website, contact the Buyer with the item number. In addition, SPB has set up other contracts for office supply items. Refer to the SPB website for the most current contracts.
2. **Printing Services** – Pursuant to Statute §81-1118 (3) the Materiel Division of the Department of Administrative Services has the responsibility for specifications and for receiving bids and placing orders to the lowest and best commercial bidder for all printing and reproduction operations for the state. Printing Services shall also be responsible for coordinating all existing printing and reproduction operations of the state. **All** printing requests **must** be processed through the DAS Materiel Division, Agencies should utilize the OW document type in E1. Printing Services. Printing Services will make the determination on whether Printing Services is able to complete the job or will forward to SPB for processing. Please contact Printing Services at 402-471-2826 for assistance.
3. **Copy Services** – Pursuant to Statute §81-1118 (4) Copy Services is responsible for the purchasing and placement of all copier requirements. Please contact Copy Services at (402) 471-29121 for assistance.
4. **Telecommunication Equipment** – Pursuant to Statute §81-1120.17, the Office of the OCIO, 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; and,
 - Radio equipment.All telecommunications requests for equipment and services must be submitted via the Payroll and Financial Center on the (OT) document type.
5. **Mail Equipment, Postage Meters, Postage, and Scales, etc.** – Pursuant to Statute §81-1118 (2) the Materiel Division of the Department of Administrative Services has the responsibility for all mailing operations, transportation of material, tracking shipments, and making freight claims. All acquisitions of mail equipment, postage meters, postage, and scales **must** be processed through DAS Materiel Division, Mail Center per §81-164, with the exception of The Nebraska Department of Correctional Services for canteen items for inmates. Please contact the Mail Center at (402) 471-2293 for assistance.
6. **Micrographic Equipment** – Pursuant to Statute §84-1224 the State Records Administrator must approve all purchases of any microfilm system or equipment. Requests for this type of equipment **must** be submitted to SPB through the Payroll and Financial Center using an (OW) requisition.

7. **Motor Vehicles:** All contract purchases of passenger vehicles are processed using an (OU) purchase order and requires approval from the DAS Transportation Services Bureau (TSB), with the exception of special-use vehicles described in State Statute §81-1011(3)(b). Once the purchase order has been approved by TSB, the ordering agency is responsible for e-mailing the purchase order to the contractor.
 - Special-Use Vehicles: Exceptions to Statute §81-1011(3)(b) require the issuance of a (OK) purchase order. The ordering agency is responsible for providing the purchase order to the contractor via e-mail.
 - Vehicle Not on Contract: 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.
8. **Any Item Involving a Trade-In:** If any purchase/acquisition involves a trade-in, it must be submitted to the SPB in accordance with the trade-in process described above using the (OW) requisition in lieu of the standard document type that may exist for a certain item (i.e. motor vehicles, weapons/firearms, etc.). Any and all trade-ins must be approved by the SPB and State Surplus Property **PRIOR** to the trade-in of any equipment. The Materiel Administrator is the sole authority for approving any and all trade-ins of state property. The purchase authority of any agency, board, or commission does not alleviate them from the responsibility to ensure that the proposed trade-in is approved by the proper departments **PRIOR** to proceeding with any transaction or acceptance of any bid or offer from a vendor.
9. **Weapons/Firearms** – Pursuant to Statute §81-1118 (5), the SPB shall be responsible for all purchases by all state agencies. It is the policy of SPB that all weapons/firearms must be processed through DAS Materiel Division, SPB. Weapons/Firearms of all types/models including Tasers, hunting knives, etc. are considered weapons. These must be processed in the Payroll and Financial Center using an (OW) requisition. Holsters, accessories and ammunition are not considered weapons.
10. **DAS Materiel Division, SPB Established Contract Items** – Pursuant to Statute §81-1118 (5), the SPB shall be responsible for all purchases by all state agencies. It is the policy of the SPB that items for which contracts have been established by the DAS Materiel Division, SPB, **cannot** be purchased from other sources without written approval from SPB. 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 the contractor providing the goods or services. 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 contractor.
11. **Information System (IT) Items** – Pursuant to Statute §81-1117, the OCIO 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 OCIO 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.nebraska.gov/standards/1-204.pdf> and <https://nitc.nebraska.gov/standards/1-205.pdf>.
 - 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 route to the OCIO 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 any 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.

Requests for routine purchases, such as PCs, laptops, printers and small dollar items are typically acted upon within one (1) business day.

- If the request is \$50,000 or over and not on contract, the (ON) document type will route to DAS Materiel Division, SPB for processing after OCIO approval.
12. **All items based on GSA like Pricing \$50,000 and over** must be processed through and approved by the DAS Materiel Division, SPB as per State Statute §81-153 (7). Agencies must provide a copy of the GSA cover page, contract and pricing documents along with the requisition. SPB 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 the purchase requisition in the Payroll and Financial Center as a header attachment.
 13. **Non-CSI Purchases – Per statutes §83-144 through 83-152**, requires the purchase of items produced or manufactured by CSI to be utilized unless such items of equal quality or materials could be purchased from another supplier at a lesser cost. 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 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.