

COLORADO STATE UNIVERSITY

PURCHASING MANUAL

I. GENERAL

- A. This Section defines Purchasing Agent (PA) procedures. It is organized to group the specific procedures generally applicable to each major form or function, which the PA handles.
- B. PA decisions and actions are subject to University and public scrutiny. PAs must be cognizant of and fully comply with the Standard of Conduct outlined in Section PM-50, paragraph IV. and Conflict of Interest outlined in Section PM-1, paragraph VI and VII.
- C. Federal and State of Colorado governments have published laws and regulations outlining policies and procedures applicable to various types of purchases. This manual attempts to implement and, where appropriate, augment those regulations.
- D. Varying conditions of cost, urgency, and type of material or service required, quality requirement, volume, etc., and even the type of organization and fund involved has an influence on the method of acquisition and the detailed procedures. Absolute detailed procedures for each circumstance therefore cannot be provided; instead, general guidelines are outlined and experience and judgment must be used to determine specific actions. PAs, however, should document actions and provide justifications for decisions so that third party individuals may clearly and easily determine why specific decisions were made, whether the decisions were in compliance with Federal and State laws and regulations, and whether the decisions were in compliance with University policies and procedures.
- E. In addition to directly handling purchases, PAs are responsible for related actions such as: utilization of surplus property; processing adjustments; performing follow up actions; providing certain assistance with and monitoring of delegated purchasing responsibilities; and actions concerning problems with ACARD, Authorization for Expenditure (AFE), freight charges, etc. General procedures for these actions are contained in this Section.

II. PURCHASING DELEGATIONS

- A. Authorized personnel within University departments are delegated authority to use and AFE or ACARD for any item or service up to \$3,000 and an Intramural Order (IMO) for securing any amount of materials or services available from another department of the University. Policies and procedures covering the ACARD, AFE and IMO are covered in Sections PM-2, PM-4 and PM-6 respectively.
- B. The Director of Purchasing, upon written application from a department, may authorize in writing, acquisitions in amounts greater than those shown above.

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- C. Departments with special purchasing conditions and problems (Bookstore, Library, Food Service, etc.) have been authorized to use special forms and procedures for designated purchases as outlined in Sections PM-31, PM-32, PM-33, PM-34, PM-35, PM-37, PM-38 and PM-39.
- D. The Director of Purchasing and, in turn, PAs are responsible for monitoring the decentralized operations outlined above to ensure compliance with applicable policies and regulations. Decentralized authority will be withdrawn for flagrant violation of published directives.

III. PURCHASE REQUISITION (PR) PROCESSING

- A. General. The PR represents the formal request and authorization from a department for the acquisition of materials or services as outlined in Section PM-3 of this manual. Upon receipt of the PR, the Purchasing Agent should:
 - 1. Make an administrative review to determine that required descriptions, fund citation, subcode and other data are shown; that any required attachments are available and that applicable special coordination and authorization are obtained. Paragraph B below outlines detailed procedures.
 - 2. Make a decision as to the proper method of acquisition. This includes: use of departmental authorized method such as the ACARD, AFE and IMO; use of surplus property; lease or rental of equipment; University purchase by use of a regular or Open Purchase Order; or use of a University or State contract. See paragraph C below for detailed procedures.
 - 3. If a Purchase Order is appropriate, secure bids when required and document the reason for all awards over \$5,000 for goods and \$25,000 for services. See paragraph VII below for procedures.
 - 4. If a PO is appropriate, provide all necessary data to the Data Section for preparation of the PO. See paragraph X-A.
- B. Administrative review. The PA should ensure the following:
 - 1. Complete entry of required administrative data such as department, telephone number and name of requesting individual; shipping and delivery instructions, etc.
 - 2. A clear and accurate description of the required material or service together with the unit of measure and quantity desired. Such data is necessary to permit maximum

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competition, accurate order and shipment and recipient satisfaction. The unit price may be included by the department if known but should be verified by the PA.

3. Entry of the account number, subcode and department to be charged.
4. Approval of authorized individual when purchase involves narcotics, controlled drugs or radioactive materials.
5. Required attachments are available such as the Copier Proposal Evaluation form. Attach the completed Copier Proposal Evaluation as stated in Section PM-3; paragraph III-C, when the PR concerns the lease or purchase of copier equipment.
6. If a specific vendor is recommended, ensure that justification is provided on an attached memo or by completion and attachment of Justification for Brand Name or Sole Source Purchase memo. This justification must include a statement on conflict of interest that indicates the end-user has no actual or potential conflict of interest.
7. Special coordination, approval and processing is required if the request involves capital construction; personal services contracts; land, buildings or water acquisitions; controlled maintenance or other items as specified by Section PM-8 of this manual.

C. Method of acquisition. After the PR has been reviewed and all required data items are satisfactorily completed, the PA should decide on the method of acquisition as follows:

1. From surplus. Review available University surplus property for possible reassignment. Also consider surplus available from State or other sources. See Sections PM-9 and PM-53 for details. If suitable property is available, the PA should coordinate with the requesting department to determine acceptability and to initiate necessary action. The Surplus Property Manager will advise PAs of possible items available from surplus.
2. From University departments. If the request is for printing, chemicals, minor construction or repair, media services, etc., which may be available from University departments, the PA should coordinate with the requesting department as to suitability and cost of material or service from the University as opposed to a commercial vendor. If the University source is used, the department shall initiate an IMO and the PR destroyed.
3. Small purchases. Any request for purchase of materials or services up to \$3,000 should be handled directly by the department using an ACARD or AFE. In most instances, use of these methods will result in faster action, less administrative work

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and less overall cost. Requesting departments should be contacted and the PR cancelled unless specific advantages will result from processing by the Purchasing Department.

4. State and University Price Agreements. Review all PRs for acquisition from State and University Price Agreements.
5. Using Federal funds. Purchases using Federal funds should be processed as outlined in paragraph VIII of this Section.
6. Rental of office machines. Rental of certain office machines is handled on a regular PO, billed directly to the department by the University and reimbursed from a clearing account. See Section PM-8 and paragraph X-D-2 of this Section for additional information.
7. Service, maintenance, lease and rental agreements. For policies and procedures for handling see paragraph X-D-2 of this Section.
8. Copy machines. Instructions to departments desiring to lease or purchase a copy machine are included in paragraph III-C of Section PM-3. Upon contact by a department, the PA will explain Ram Copy Program or provide current copier proposals that will meet the needs of the department, a copy of the Copier Proposal Evaluation form and information on acquisition procedures. The PA will forward a blank copy of the Copier Proposal Evaluation form to the interested department. Upon return of a PR and the completed Copier Proposal Evaluation form, the PA must analyze and evaluate the data presented and (on the reverse side of the form) must make a recommendation to the Director of Purchasing. Special consideration must be given to lease of high volume copiers like the Xerox 9900 or equivalent. Approval by the Director of Purchasing is required. Upon approval, the PA should initiate a PO and/or contract as appropriate.
9. Materials and services over \$3,000. Generally a regular PO should be used. See paragraph IX for details on processing a PO. If periodic calls for small shipments of materials or repeated performance of a service are desired an Open Purchase Order should be considered. See paragraph IX-C of this Section for details on preparation and processing of an Open Purchase Order. The ACARD and AFE should be used for the one-time purchase of materials and services up to \$3,000.
10. Contracts. Contracts for purchases, leases, maintenance agreements, etc. may be used when large dollar amounts are involved; when more formal statements of items, requirements, performances, etc., are desired; or where such documents are recommended/required by Federal or State agencies, by legal counsel, etc. Some

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contracts are already established by the State or must be established by the State. Some contracts may be initiated by the University "by and between the Board of Governors of the Colorado State University System by and through Colorado State University" after approval by designated departments or individuals of the University and/or coordination and approval by designated departments or individuals of the State. See Section PM-8 and paragraph X of this Section for additional information.

11. Emergency requirements. If an emergency requirement exists and there is not time to prepare and process a PR and PO, the PA may issue a reserved PO number that the department may provide the vendor to initiate the emergency action. The ordering department must then promptly initiate a PR referencing the reserved number and the vendor should be requested to reference the number on shipments and invoice. See paragraph IX-D of this Section for details.

IV. AWARDS

If after the review outlined in paragraph B above it is determined that the Purchasing Department should handle the acquisition, then the basis for award should be determined and action taken accordingly.

- A. Basis for award. Other things being equal, the award should be made on the basis of lowest price, however the PA must also consider: product quality; compatibility of item with other items and equipment now at the University; vendor ability to meet delivery requirement; vendor guarantee, warranty and service; past performance of the vendor; etc.
- B. Award policy. The basic method for acquiring materials or services for the University is to obtain acceptable products at the lowest possible cost. Competitive bidding, utilizing realistic and proper specifications is considered to be one of the best methods to accomplish this goal. Specifications for products will, insofar as possible, be written to encourage a high degree of competition. Closed specifications, brand name and sole source purchases will be used only when a product or its usage dictates such procedure. Justification for any noncompetitive purchasing will be documented and retained with the PR. Qualified vendors, including small business, minority and/or women owned businesses will be given an opportunity to compete for University business. Vendors who have a history of poor delivery, inadequate service, or furnish products that do not meet the specifications may lose their qualifications to compete for University business.
- C. Tax exemptions. The University is generally exempt from Colorado State and local taxes and from Federal or other State taxes from which the State of Colorado is exempt. The exemption applies to the University as an institution of the State when purchases are for use in institutional capacities. The following statements should be used as appropriate.

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1. PO statement. As a State of Colorado Agency, by Statute Colorado State University is exempt from State and local taxes. Our exemption number is 98-02381. Federal Excise Tax Exemption Certificate of Registry 84-730123 is registered with the Collector of Internal Revenue, Denver, Colorado.
2. Invitation for Bid (IFB). The bid price shall be exclusive of any Federal or State Taxes from which the State of Colorado is exempt. Our Federal Excise Tax Exemption Certificate of Registry Number is 84-730123. Our Colorado State and Local Sales Tax Exemption Number is 98-02381.

D. Award parameters.

1. POs may be written for amounts under \$5,000 for goods and \$25,000 for services (Purchasing Agent discretion) without seeking competition. PAs are cautioned that issuing consecutive or nearly consecutive POs under \$5,000 for goods and \$25,000 for services to the same vendor to circumvent the \$5,000/\$25,000 limitation is illegal. The Purchasing Agent must use good professional judgment to ensure that the University is receiving maximum value for the dollar spent for all purchases that fall under these discretionary levels
2. Purchases for goods between \$5,000 and \$150,000 and services between \$25,000 and \$150,000 MUST be handled through documented quotes issued on the State of Colorado "BIDS" System website. Documentation should be accomplished on the Bid and Award Documentation form as outlined in paragraph VII. If thought to be in the best interest of the University sealed bids may be solicited for purchases below \$5,000 for goods and below \$25,000 for services.
3. Purchases of \$150,000 or more will normally use formal bid procedures as outlined in paragraph VI, if in the PAs judgment the transaction is biddable.
4. The State Purchasing Director has authorized the University to purchase items on a single PO that exceed \$25,000 without benefit of formal sealed bids to meet the critical needs of research projects when one or more of the following conditions prevail:
 - a. When an acceptable written justification is received by the PA from the researcher or department head that the product or service is a sole source.
 - b. Failure to expedite the purchase would result in a hardship for the project, such as:
 - (1) Stoppage of the project.

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- (2) Professional personnel would be unable to be utilized.
- (3) A higher cost would result from bidding.
- (4) Other reasons which are justifiable and acceptable to the Director of Purchasing.
- (5) See R-24-103-205 and R-24-103-206 of the State of Colorado Procurement Rules.

The professional judgment of the PA is of paramount importance in administering the above deviation from published policy. An acceptable audit trail must always be maintained.

- E. Award protests. Policies and procedures for handling award protests as established by the State Purchasing Director are contained in R-24-109-102-01 of the State of Colorado Procurement Rules.

A competitive sealed proposal cannot be awarded until the protest period has passed. Therefore, you must notify the winner and losers of the proposed "final" decision. Award can be made if a further appeal is made to the State Director of Personnel.

Any vendor or other interested party shall be afforded the right to file an official protest of a purchasing decision. All such protests shall receive immediate attention and the protester afforded the elements of due process.

Vendors' desiring to protest a proposed award shall file within seven (7) working days after the aggrieved person knows or should have known of the facts giving rise thereto and prior to the issuance of a purchase order or contract. Protests received after the seven (7) working day period shall not be considered. Protests should be filed in writing to the University Director of Purchasing.

The University Director of Purchasing shall review the facts of the transaction and must afford the protester an opportunity to present his/her case in person and/or in writing.

The University Director of Purchasing shall provide a written reply within seven (7) working days after receipt of protest and/or the hearing.

If the protest/appeal is rejected, the protester shall be notified that he/she may appeal the decision to the State Director of Personnel within ten (10) working days of the date that a

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decision is mailed pursuant to Section 24-109-107 (2) of the Colorado Revised Statutes and R-24-109-202-01 of the Colorado Procurement Code.

If a further appeal is made and the vendor's protest is again rejected, he/she shall be informed that he/she may further appeal to the District Court for the City and County of Denver. In each case the appeal or protest must be responded to within ten (10) working days of the date that a decision is mailed.

V. VENDORS

- A. Qualifications. A vendor desiring to sell to the University should qualify by registering with the State of Colorado Bids Information and Distribution System (BIDS) in the Division of Purchasing, State of Colorado. This can be done online at the State's BIDS Web Site or by calling 303-866-6100 for information. All state agencies are required to use BIDS to post Invitation for Bids, Documented Quotes and Requests for Proposals per Colorado Procurement Rule R-24-102-202.5-02. Solicitations posted on BIDS are available on the Internet to registered vendors only.

- B. Minority vendors. PAs should attempt to identify and use minority vendors. State Executive Order of March 16, 1978 states that the term "minority" shall be defined as follows: "The applicant company must be a small business as defined by the SBA and must be owned and controlled by one or more persons who are members of an ethnic group or are from geographical areas where chronic social and economic conditions have deprived them of the opportunity to develop and maintain a competitive position in social, chronic economic circumstances or other similar causes. Such persons include, but are not limited to, Black Americans, American Indians, Spanish Americans, Oriental Americans, Eskimos and Aleuts and persons from areas which have suffered chronic economic deprivation."

Each PA is provided a current List of Minority Vendors within the local and surrounding areas that is to be used in soliciting bids and quotations.

VI. THE BIDDING PROCESS

- A. Documented Quotes. Where the type and size of order warrants, documented quotes will be obtained on BIDS. A record will be made of all such documented quotes solicited and received. Documentation of documented quotes received and reason for award will be recorded on a Bid and Award Documentation as outlined in paragraph VII below.

- B. Formal sealed bids. PAs will post on BIDS and bidders should use the University IFB form. This will assure uniform compliance with conditions of the bid and will afford more accurate and timely comparison in tabulated form. Bidders are responsible for submitting bids by the indicated date and time. Bids will be date/time stamped when received in the

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Purchasing Office. A late bid will not be considered. The rejected bid envelope showing date received will remain with the bid file. If rejected bid is returned unopened to the vendor, a reproduced copy showing date received and date returned must be made for the bid file.

C. Request for Proposal (RFP).

1. Formal RFPs are available for all acquisitions estimated to exceed \$150,000. All formal RFPs follow requirements for formal sealed bids in B. above in addition to the requirements listed in this and the following paragraphs on the RFP.
2. A critical part of the RFP process is the evaluation of submittals by the various potential vendors or suppliers. RFPs must include all of the evaluation factors to be considered, including price. Factors not specified in the evaluation criteria may not be considered.
3. Prior to the opening of sealed competitive RFPs, numeric-rating factors must be established. Factors such as: experience of the firm; methods to be used to study the problem and/or make recommendations; cost; personnel to be assigned to the project, etc., as an example, could comprise the evaluation criteria. Numeric factors must be assigned to each factor selected. Importance of the factors to be considered are evidenced by the "weight" or multiplier assigned to the different factors. Also, prior to the RFP opening, an evaluation committee must be established. It is vitally important that conflicts of interests do not exist in the RFP process, as it relates to any evaluation committee member, the project director, or with anyone connected with the procurement process. The letter outlining the committee make-up, evaluation criteria and weight factors must include a statement on conflict of interest that indicates no member of the committee has an actual or potential conflict of interest in this RFP.
4. Responses to the RFP should be individually reviewed and scored by the members of the evaluation committee. The committee, upon completing its individual evaluations, should then meet and may discuss their individual rationale for the scores assigned. The committee must then develop a consensus recommendation, delineating in writing the reasons for the recommendation. The final recommendation for award must be made to the Purchasing Agent and the Director of Purchasing, who upon acceptance will notify the successful, as well as the unsuccessful, vendors.
5. Colorado State University RFP Guidelines will govern all RFPs.

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- D. Bid form information. The University IFB will be completed by the PA and will contain all the required standard information. Any additional special provisions or conditions will be added as necessary.
- E. IFB distribution.
1. The bid will be posted on BIDS and will be available electronically to all registered vendors.
 2. An original white copy and Bid List Control Report will be retained by the respective PA in an "open bid" file.
 3. If bids are for orders over \$5,000, the bid must be listed on the State of Colorado BIDS System.
- F. PA responsibility. The PA is responsible for the following:
1. Recommending quantity changes and other changes to the department that would result in lower costs.
 2. Determining if the delivery date is reasonable and possible for bidders to meet.
 3. Determining F.O.B. point and cash discounts.
 4. Use of proper specifications.
 5. Special instructions to bidders.
 6. Bid and/or performance security.
 7. Stating the need for samples or pre-award demonstration when required.
 8. Stating the need for inspection or testing when required.
 9. Bid opening date and time.
 10. Compliance with State and University policies, standards and procedures.
 11. Providing clarification to legitimate vendor questions and ensuring that all vendors are advised of applicable clarifications or specifications changes. More specific guidance is as follows:

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12. Entry of data in the BIDS System.

Quantities. As a general policy, changes in quantity are not to be made except with the approval of the department and upon verification that funds are available. When reasonable changes in quantity would result in lower unit costs the PA should contact the department, explain the circumstances and, when applicable, make such changes consistent with funds available.

Delivery date. If the delivery date requested by the department is not reasonable or possible for the bidders to meet, the PA will change it to the earliest date possible under the circumstances and notify the department. However, if the department indicates an emergency exists requiring rush or immediate delivery, the PA shall give the PR special handling to get the delivery required, if possible.

F.O.B. point and cash discounts. Normally, bids will require prices based on delivery to the University including inside delivery if required. If this is not possible, the bid should provide that transportation charges be prepaid and added to the vendor's invoice. The PA will check vendor terms in order to take advantage of cash discounts. All cash discounts will be considered in the bid analysis.

Specifications. The PA is responsible for the use of proper specifications on each IFB. State and Federal specifications may be used, along with specifications prepared by the department and approved by the Purchasing Department. In issuing an IFB the PA has the responsibility for the use of specifications that will provide the greatest measure of competition and furnish a suitable product of satisfactory quality.

Special instructions to bidders. Standard bid terms and conditions are shown on the back of the IFB. The PA will indicate on the front of the IFB any special conditions applicable to the bid.

Security requirements. In some cases bids will require bid security such as a bid bond or certified check made payable to Colorado State University, and conditioned that in the event the bidder's offer is accepted, the bidder will enter into a contract in accordance with his/her proposal. A performance bond may be requested to insure performance, delivery, and acceptance of product.

Bid samples and pre-award demonstrations. The PA will determine when bid samples are necessary prior to bidding and prior to making the award, and will normally state this requirement in the IFB. Similarly, if a demonstration is required before award, the PA will state the time and place for the demonstration on the IFB. In certain cases the PA may at their discretion require samples for inspection after bids have been opened, if such an action is necessary for making an award. PAs may also visit a vendor's place of business prior to

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bidding or prior to an award to assess their ability to fulfill a contract. Except for samples destroyed or mutilated in testing, samples may be returned at the request of the bidder, transportation charges collect. PAs are responsible for disposition of all samples including samples submitted with the PR.

Inspection and testing. The PA will state in the specifications if testing is mandatory or optional, or if required at all. When tests are required on commodities delivered, the PA will determine the type and degree of testing and correlate the results with the requesting agency.

Bid opening date. The PA will determine the date and time for the bid opening, which shall be shown in the space, provided on the IFB. Except as provided under emergency procedures paragraph IX-D, the minimum time period for placing IFBs on the BIDS System shall not be less than 14 calendar days. The first day after the date the IFB is posted on BIDS is day 1 of 14. The minimum time for the RFP shall be 30 days. Reasonable handling time for the bidder, urgency of delivery and bid posting are all considered in establishing bid opening times and dates.

Vendor services. In those cases where a vendor is requested to provide extensive research, design work, or other activity reasonable beyond the services normally provided, it is considered equitable that the vendor be paid a reasonable fee for such service. There should be an understanding established between the University and vendor as to whether the vendor is to be paid separately for such services. Such commitments shall not exceed \$1,000 without the prior approval of the Purchasing Department. The agreement must be made prior to the bidding of the product or service. Acceptance of services common to the trade and normally provided by a sales or company representative will not obligate the University to place the order with that vendor. Vendors concerned with this type of situation should be told that their design, consulting, or research work is appreciated, but cannot circumvent the bidding process.

G. Bid processing. The IFB is normally prepared within the Purchasing Department.

Sealed bids received should be handled as follows:

1. Safeguarding of bids pending bid opening. Bids received will be date/time stamped immediately and kept in a locked box or locked file until bid opening time. Only the Director of Purchasing, the Purchasing Agent and the bid clerk will have access to the bid file. The bid clerk is responsible for the safeguarding of bids and will present the bids to the responsible PA at bid opening time.
2. Awarding of bids. The PA will read all bids aloud at the specified date and time at a public bid opening and a designated purchasing individual will be present. The bid tabulation form will be signed by the PA and witnessed by the other purchasing

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individual present. The PA and ordering department personnel will evaluate the bids and the award will be made thereafter as soon as possible. Any notations necessary regarding the award will be made on the bid tabulation form, or by statement attached thereto. If the award is made to a bidder other than the low bidder the form will be signed by the Director of Purchasing. The reason for an award to other than low bidder must be clearly stated.

When a list of items is involved in the bid, splitting the list between the bidders is not cost effective unless an overall savings of \$100 or more is involved. The Purchasing Agent must post all bid award information on the BIDS System.

3. Errors in bidding. It is not the desire of the Purchasing Department to penalize bidders who make obvious unintentional errors in bidding. In such cases the bidder will be required to explain the nature of the error and request his/her bid be withdrawn or disregarded. Such bids may, with the approval of the Director of Purchasing, be rejected. Bids, which required a "bid bond", shall not be rejected for the above stated reasons.
4. Filing of bids. All bids will be filed in a special bid file and all materials pertaining to the bid in the permanent files of the Purchasing Department. This includes the bid tabulation, letters and correspondence, catalog sheets, notes, formula for making the award and other material that had a bearing on the bid.
5. Bid reference. The IFB number will be recorded on the PR to provide easy reference and audit trail.

VII. BID AND AWARD DOCUMENTATION.

- A. General. Purchasing activities impact numerous third party individuals outside the purchasing profession such as auditors, vendors, departments, media representatives, etc. The reason for a specific purchasing action must be documented in each instance in a manner clear and understandable to third parties. Each purchase must be documented even though it is identical to a prior purchase, which was adequately documented. The second purchase could reference the documentation (i.e., sole source justification) of the earlier Purchase Order but the audit trail must be complete and easy to follow.
- B. Required documentation. Bids are not required for purchases under \$5,000; therefore no special documentation is required. For all purchases of \$5,000 or more, the Bid and Award Documentation will be completed, signed by the PA and attached to the PR. If there is no reference to the IFB number or a State contract on the PR, a duplicate copy of the Bid and Award Documentation will be prepared and attached to the copy provided to the University Director of Purchasing. If the award was given to a bidder other than the low bidder,

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complete justification must be recorded. If sole source was used, attach the written justification. Bid and Award Documentation must also be prepared for Open Purchase Orders. When the sole source block is checked, additional explanation is required. The price reasonableness section must be completed on all Bid and Award Documentation forms.

C. Record handling and retention.

1. The records of the Purchasing Department pertaining to bids and awards shall be available to any responsible person who makes his/her identity and purpose of investigation known.
2. It is required that the investigation of a purchasing file be made with the PA concerned or some other authorized purchasing individual.
3. Such current files are never to leave the premises. Copies may be made and removed, at the expense of the requesting individual.
4. Records will be maintained for the periods of time specified by the State Division of Archives and in accordance with the Colorado Statute of Limitation.

D. Bid award inquiries. It is the policy of the Purchasing Department that bid results may be conveyed to vendors by telephone at request of the vendor. Vendors may view bid results by appearing in person at the Purchasing Office and requesting to see the tabulation. No files will be removed from the Purchasing Office, nor copies made at University expense. Vendors may transcribe information as desired.

E. All awards must be posted on BIDS as soon as possible.

VIII. PURCHASING FOR FEDERAL CONTRACTS AND GRANTS

- A. General. The Federal government has established standards, procedures, and records, which apply when supplies, equipment, construction and other services are purchased with Federal funds. They are outlined in Federal Procurement Regulations; Attachment O OMB Circular Number A-110 and other regulations.
- B. Applicability. The University will comply with general purchasing procedures outlined elsewhere in this manual in addition to the provisions of this procedure when acquiring goods or services with Federal funds.
- C. Responsibility. The University is responsible for settlement and satisfaction of all contractual and administrative issues, without recourse to the sponsoring agency, concerning

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purchases with Federal funds that involve disputes, claims, and protest of awards, source evaluation or other matters of a contractual nature.

- D. Sponsored Programs Subcontracts. Sponsored Programs is authorized to initiate subcontracts (primarily for services) with individuals, firms, universities or other agencies when the award from the sponsor designates a specific vendor. Any subcontract issued by Sponsored Programs or the Purchasing Department shall comply with all policies and procedures set forth in Section PM-39 as well as elsewhere in this manual.
- E. Conflict of interest. A conflict of interest is a situation in which a University employee or member(s) of his/her family, has a personal or private interest in a University purchasing action in which the employee participates, directly or indirectly, in decision-making. University employees must protect the public trust accorded them. They are obligated to report potential or actual conflicts of interest and to avoid such conflicts of interest where possible. See paragraph D.8.7 of the Academic Faculty and Administrative Professional Staff Manual, Outside Employment - Conflict of Interest paragraph in the State Classified Personnel Handbook, or paragraph IV of Section PM-50 of the Purchasing Manual for further details.
- F. Principal investigator responsibilities. Except as outlined in paragraph D above, the requirement for material or services will be initiated by the principal investigator on the PR in accordance with the following instructions.
1. Ensure the material, equipment or service is allowable under the terms of the agreement and that funds are available.
 2. Provide a full and accurate description of the material, equipment or service.
 3. Clearly specify any specific features of "brand name or equal" products that must be met by the vendor.
 4. Justify by memo when "sole source" purchasing is required.
 5. Screen requests for property costing more than \$5,000 as outlined in Section PM-13.
 6. Process request for consulting services as outlined in Section PM-12.
 7. Provide sponsor approval for any special charges as outlined in OMB Circular #A-21. A deviation or omission from these procedures that becomes apparent during PA review will be clarified or corrected by contacting the principal investigator and/or Sponsored Programs.

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G. PA processing of PRs.

1. Review. PAs will review PRs for:
 - a. Sponsored Programs approval (required for all purchases of services that exceed \$5,000).
 - b. A description of material, equipment, or service that will permit maximum competition and delivery of the exact item or service required.
 - c. Adequacy of justification if sole source is recommended.
 - d. Special features or qualities desired if "brand name or equal" description is used, as outlined in Section PM-3, paragraph III. M.

2. Considerations. IFBs will be used as determined by normal purchasing procedures outlined elsewhere in this manual. The following two items will also be given consideration.
 - a. Small, minority, woman-owned, veteran-owned and Hub-Zone businesses should be encouraged to bid. Such vendors should be encouraged to identify themselves and then be specially identified on the qualified vendor list. In addition the PA should use the National Minority Directory and regional minority organizations for information on qualified vendors.
 - b. Recycled products. Federal law requires that PAs demonstrate consideration for energy efficiency/conservation and recycled products where the purchase price is \$10,000 or more or where the quantity of such items or functionally equivalent items purchased in the preceding fiscal year was \$10,000 or more. On the IFB the PA must request that the bidder certify with his/her bid the amount of recycled materials (percentage of total, by weight) represented in the article offered.

3. Value-price analysis. The PA should determine the price reasonableness of bids received by making a value-price analysis to the extent feasible and practical based on the type of purchase, dollar value, past experience with the vendor, etc. Consideration should be given to the following when applicable:
 - a. Current and past price quotations from catalogs, documented quotes, formal bids, etc.

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- b. Comparison with target price or cost estimate from using department and/or Purchasing Department, or other means of determining price reasonableness.
- c. Comparison with GSA price schedules.
- d. Discounts offered.
- e. Transportation or other costs.
- f. Quality, reparability, service, etc., based on past experience or other acceptable evaluations.
- g. Warranties and guarantees offered.
- h. Lease or purchase alternatives when available and appropriate.
- i. Adjustment for recycled materials. PA should use an approved formula or a locally developed formula for this adjustment.

If the above analysis is appropriate and has been performed, the PA should so indicate on the Bid and Award Documentation, paragraph VII of this Section.

4. Single bid. If a single bid is received the PA should consider taking one or more of the following actions:
- a. Re-bid using the BIDS System.
 - b. Declare a failed procurement according to State Statute and conduct competitive negotiations.
 - c. Modify the specifications and re-bid using the BIDS System.

If the above specifications are not practical or if only a single bid is available after these actions, the PA should carefully analyze the reasonableness of the bid and consult with the Director of Purchasing.

5. Negotiation. Competitive negotiations may be conducted as noted above.
6. Type of award. Generally fixed price bids will be used, however when special conditions or requirements warrant, a cost reimbursement or other type award may be considered when more advantageous to the University and the Federal

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government. "Cost-plus-a-percentage- of-cost" method of contracting shall not be used.

7. Award. Awards will be placed only with responsible vendors who possess the potential ability to perform successfully under the established terms and conditions. In addition to price, consideration should be given to such matters as vendor integrity, record of past performance, financial and technical resources, etc. Award to a vendor who aided in developing or drafting specifications, requirements, statements of work, IFBs and/or RFPs should be given special attention to avoid any criticism of unfair competition.
8. Flow-down.
 - a. All contracts. Contractors providing certain types of materials and services on contracts in excess of designated dollar amounts are required to comply with special provisions and laws as outlined in Section 51. To notify contractors, the PA will ensure that Flow-down Provisions are attached to and made a part of applicable POs and contract documents by stamping or typing the following statement on the basic document: "Terms and conditions for Colorado State University-Federal Contracts attached must be considered a part of this Purchase Order." Further, the Principal Investigator or Sponsored Programs should note any additional or special Federal requirements (i.e., handling and preservation of records, security, etc.) included in the prime contract. The PA should ensure the vendor is made aware of such special requirements by notation on the PO or contract.
 - b. Purchases made for Department of Defense. Certain additional conditions apply to purchases made by the University for Department of Defense. Reference to these provisions is contained in Section 51. The Office of Sponsored Programs should note when the purchase is for Department of Defense and the PA will then include applicable conditions.
9. Documentation and administration of contracts over \$5,000. For contracts over \$5,000 using Federal funds the PA will:
 - a. Document justification for lack of competition when competitive bids are not obtained.
 - b. Document basis for award cost or price.
 - c. Include provisions that allow for administrative, contractual or legal remedies for instances in which contractors violate or breach contract terms.

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- d. When applicable, include provision for redirection or termination, manner of termination and basis for settlement. Any contract or grant termination should be in accordance with the Federal Procurement Regulations or Attachment O OMB Circular A-110.
- e. Require bonding when applicable.

10. Small and Disadvantaged Business Subcontracting Plan.

Public Law 95-507, which is an amendment to the Small Business Act of 1958, requires agencies to have a separately tailored subcontracting plan for each Federal contract in excess of \$500,000 or \$1,000,000 for construction contracts. The subcontracting plan must be submitted before award of the contract.

- a. Plan development. The plan will be developed jointly by the Principal Investigator, Contract and Grants Administrator and Director of Purchasing. The plan generally will include:
 - (1) Separate percentage goals (percentage of total planned subcontracting dollars) for the use of small and small disadvantaged, woman-owned, veteran and Hub-Zone business subcontractors. Some agencies may include woman owned businesses also.
 - (2) The designated individual assigned responsibility for administering the subcontracting program and duties.
 - (3) A description of the efforts to assure that small and small disadvantaged, woman-owned, veteran and Hub-Zone businesses have an equitable opportunity to compete for business.
 - (4) Assurances those appropriate flow-down clauses will be included.
 - (5) Assurances that the University will submit required reports and cooperate with the contracting agency and the Small Business Administration in any studies or surveys required to determine compliance with the subcontracting plan.
 - (6) A description of the types of records the University will maintain to demonstrate compliance, including a source list of small and small disadvantaged businesses and list of steps taken to make awards when the goals are not met.

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- b. Reports and Records. Once the plan is submitted and approved, the Principal Investigator is responsible for submitting information concerning project purchases to the Purchasing Department each quarter. This information will enable the Director of Purchasing to make the quarterly report to the contracting agency. A list of suppliers qualifying will be maintained within the Purchasing Department.
- c. Administration Fee. The Purchasing Department will charge each project a \$500 fee per year to administer Public Law 95-507.

IX. PURCHASE ORDERS (POs)

- A. Request for preparation of PO. If a PO is required and appropriate actions listed in paragraphs III through XIII have been completed, the Data Section should be provided a copy of the approved PR to use in preparing a PO. The approved PR should include: completion of all required administrative data; entering the price of each item or service; listing the selected vendor; attaching all appropriate documentation; designation as a regular or Open Purchase Order including any necessary special instructions to the Data Section; and finally entering the PA's initials (which indicate PA approval for preparation of the PO).
- B. Regular POs. A regular PO is entered and printed by the Data Section and returned to the PA for final review and signature.
 - 1. Approval. PAs are authorized to sign POs up to \$25,000. The Director of Purchasing or the Supervising Purchasing Agent will sign all orders over \$25,000.
 - 2. Distribution. After review and signature all copies should be returned to the Data Section for appropriate distribution and filing.
- C. Open Purchase Orders (Open POs). An Open PO may be used when materials or services are required and delivered over a period of time on a periodic or "on call" basis. External procedures are contained in Section PM-36. Special procedures are as follows:
 - 1. Issuance. Open POs can be issued only by the Purchasing Department after coordination with the department that needs the materials or services. Prior to issue, the department is to furnish the special data discussed in the paragraph below, be briefed by the Purchasing Department staff, be furnished a copy of Section PM-36 of the Purchasing Manual, and agree to fully and promptly comply with the special procedures of that section applicable to use of the Open Purchase Order.

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2. Special data. The Open PO should describe the material or service, state the maximum amount of a single purchase, the maximum amount of the total order, the expiration date of the order (never beyond the end of the current fiscal year) and list the individual(s) authorized to request delivery against the order..)
 3. Changes to the Open PO. If any change is desired in services required, the dollar value of a single order or the total order, the valid period of the order or the individual(s) authorized to request delivery, the Purchase Order Change/Cancellation Notice should be used.
 4. Receiving procedures. A receiving report should be retained in the ordering department and completed upon delivery by verifying the materials received listed on the invoice or shipping ticket against the current Open PO. The ordering department must maintain all receiving report documentation for review by auditors. The Purchasing Department does not require a copy of a receiving report.
- D. Emergency Purchase Orders. An Emergency PO will be approved only under true emergency conditions as defined by Colorado Revised Statute 24-103-206.
1. Approval. All emergency purchases must be approved by the Director of Purchasing. Upon approval by the Director of Purchasing, the PA will give the requester an appropriate PO number and will ensure such number and other applicable data are transmitted to the Data Section.
 2. Follow-up. The Data Section will check daily for the confirming PR. If the confirming PR has not been received within five working days it shall be referred to the appropriate PA for action.
 3. Processing. A confirming emergency PR should be clearly documented and should show the PO number previously authorized. Upon receipt of such a confirming PR, verification should be made for correctness of number and the time delay in receipt of the PR should be noted. The PA should ensure that the resulting PO is clearly marked as "Confirming Emergency Purchase Order" and is backdated to the date the order was placed. If no prior coordination and approval is recorded, investigation and possible action with the department should be promptly initiated.
- E. Unauthorized purchases. Departments making purchases without using an approved PR or other applicable purchasing document or an emergency PO number as outlined above are in violation of State and University policies and procedures even though a "confirming" PR may be submitted later. Such departments should be advised of the violation by issuance of an "Unauthorized Purchase" memo.

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F. Purchase Order Change/Cancellation Notice.

1. Change of vendor. If a vendor to whom the PO was initially issued passes the order to another company (usually a subsidiary) and notifies Purchasing of such action, a Purchase Order Change/Cancellation Notice should be prepared to cancel the PO. A new PO will need to be issued. If a PO is transferred in whole or in part without notification the PA should advise the vendor that such actions are not acceptable to the University. Purchasing will also prepare applicable change notices for such "after-the-fact" notifications. If the vendor returns a PO and states they cannot fill the order then the PO should be canceled and a new PO issued to another vendor. The Purchase Order Change/Cancellation Notice should be used to advise all concerned of the cancellation.
2. Change of item, quantity, cost, etc. Changes in item, quantity, cost, etc. requested by the Department or vendor, and approved by the PA (after applicable coordination) will be recorded on the Purchase Order Change/Cancellation Notice. Any changes requested by a department must be submitted or confirmed in writing. A partial or total cancellation of the order also requires a change order.
3. Purchase Order Change Notices that go beyond approval thresholds. Any changes that go beyond standard bidding thresholds and signature delegations must be supported by the appropriate sole source documentation and any required supplemental Supervising Purchasing Agent or Director of Purchasing signature approvals.

X. CONTRACTS AND AGREEMENTS

- A. General. The University is authorized to directly enter into certain contracts, i.e., for office machine rental, certain services, etc. In other cases the University must use an established State Contract, i.e., for certain fuels, automobiles, paper, etc., and in some cases the University must request the State to approve and/or initiate a contract, i.e., for EDP, controlled maintenance, etc.
- B. Purchasing Agent responsibility. The PA will work with the requesting department and the applicable vendor on any contract/agreement. Those involving land, buildings or capital construction are generally handled by the Director of Facilities Management, but PAs, upon request, may coordinate and/or advise as to appropriate clauses, content, etc. PAs will also advise and assist departments in cases where the department enters into a contract or agreement to provide services, lease or rental equipment or property or participate in exhibits, charitable or other events, etc. Legal questions should be referred to the Contracts Manager.

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- C. Contract/Agreement clauses. The PA should ensure that all contracts, agreements, leases, rentals, etc. contain the clauses outlined in the University Contracts Manual and do not contain any adverse clauses. Additional clauses should be included when appropriate for the following:

For Premises Lease Agreements.
For Construction Agreements.
For purchase using Federal funds.
For purchases for DOD contracts.

PAs will advise personnel handling the above type of contracts and on any review or coordination that will ensure the inclusion of appropriate clauses.

- D. Procedures.

1. Use of established State Price Agreements. Each PA will maintain copies of State Price Agreements that concern their respective commodities. PRs received for materials covered by State Price Agreements must be considered for purchase from those vendors. State Price Agreements are designated as either mandatory or permissive. The use of Mandatory State Price Agreements is required. Permissive State Price Agreements should be used unless better prices can be obtained. If very large quantities are to be secured and a price lower than those offered under a Permissive Price Agreement is believed possible, the University may secure bids. When a State Price Agreement is used, a PO is initiated to the designated vendor and the State Price Agreement number is referenced.

Commodities used in quantities that are also used by other State agencies could be considered for State Price Agreements. The State Purchasing Department should be advised of University needs when participation of the State, the University and other State agencies could result in an advantageous State Price Agreement.

2. University service, maintenance, lease, and rental agreements.
 - a. Periodically billed fixed charge service, maintenance, lease or rental agreements for typewriters or office machines should be handled as follows:
 - (1) Contract with vendor should be prepared and signed by both the using department and Purchasing Department. Copies should be retained in both departments. If contract utilizes 5-3 funds applicable provisions of paragraph XIII of this Section must be followed.

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- (2) Preparation of annual PO. Whenever possible a new PO will be prepared at the beginning of each fiscal year covering the period of that fiscal year. This single PO should cover the rental/service of all applicable equipment of the respective vendor on contract to the University. If a PO cannot be written to start and terminate concurrent with the fiscal year, sufficient data should be provided to permit the Purchasing Department to accurately encumber funds to the proper fiscal year.
 - (3) Preparation of Purchase Order Change/Cancellation Notice. A Change/Cancellation Notice should be prepared for each transaction (new machine or termination) making reference to the annual PO prepared at the beginning of the fiscal year. The Change/Cancellation Notice will show only the amount to be encumbered or disencumbered for the remainder of the current fiscal year.
- b. Periodically billed fixed charge service, maintenance, lease or rental agreements (other than for typewriters and office machines) should be especially handled to permit prompt direct payment. To accomplish this result the PA should:
- (1) Initiate a PO in a specially designated numerical series.
 - (2) Ensure that the period of the agreement and the amount and frequency of billing are clearly indicated. If the agreement extends beyond the current fiscal year include the statement required in Section PM-8.
 - (3) Request the vendor to reference the proper PO number on each invoice and to mail the invoice directly to Accounts Payable. Purchasing and the using department should not receive copies of invoices.
 - (4) Ensure the department coordinates any change or cancellation of the agreement, lease or rental and that such change is recorded on the Purchasing file copy and Accounts Payable promptly notified.
- c. Distribution. Copies of all applicable contracts/agreements will be retained on file in the Purchasing Department and the requesting department. The Office of the Contracts Manager will retain copies of land and buildings contracts on file for Administrative Services and Capital Construction Contracts will be maintained by the Facilities Services Department. Neither of the two will be retained by Purchasing Department.

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XI. ADJUSTMENTS

- A. General. The Request for Adjustment (RFA) is used to initiate and record action on over, short or damaged shipments; duplicate or incorrect item shipment; incorrect item or shipment costs; unidentified receipts; certain off campus repair transactions; etc. See Section 51.

Central Receiving is responsible for initiating RFAs for over, short and incorrect shipments; also for damaged items whether noted upon delivery by the carrier or concealed and not noted until later by the ordering department. PAs are responsible for initiating RFAs for repairs and credit returns for their commodity groups.

Departments and Central Receiving are responsible for adjustments for materials received on ACARD or AFEs. Purchasing Agents will assist if requested.

For all over, short or damaged materials received on regular POs and documented on RFAs the PA will take action as outlined in paragraph B below.

- B. PA action on over, short or damaged materials. The PA should first review the facts as reported on the RFA received from Central Receiving. After appropriate contact with the department, vendor, and/or other agency the PA should note decisions and action to be taken on the RFA. A copy should be retained for Purchasing Department files and a copy returned to Central Receiving. PA action should be taken as outlined below. Purchasing Department and Central Receiving will furnish a copy to department on status of the problem.

1. Over or incorrect items received.

- a. Shipment acceptable. If the PA, upon contacting the department is advised that the shipment as received is acceptable, the PA will prepare a Change/Cancellation Notice to correct the PO. The RFA should be returned to Central Receiving with the notation to deliver the material received to the department.
- b. Shipment not acceptable. If the department refuses the overage or incorrect items, the PA will arrange with the vendor for return of the items. The RFA should be annotated as to vendor's authorization and shipping instructions and returned to Central Receiving for necessary action.

2. Shortage of items against freight bill. If items listed on the freight bill are not received Central Receiving will note the shortage on the freight bill. If the missing items are not received in five working days, Central Receiving will forward a RFA to

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the PA for action. The PA should contact the department to determine whether to wait for tracer action or to reorder immediately and to instruct Central Receiving to refuse any late shipment. If shipment is FOB Fort Collins and tracing action is desired, the PA should arrange with the department and vendor regarding tracing and replacement and should send a copy of the freight bill to the vendor for claim action. The RFA should be annotated to Accounts Payable to withhold payment for missing goods.

3. Damaged material, FOB Fort Collins. An inspection report prepared by the carrier and an annotated freight bill should be attached to the RFA and forwarded by Central Receiving to the PA for action. The PA should forward a copy of the inspection report and freight bill to the vendor and request replacement of the damaged goods. Concealed damages not discovered until later should be handled in the same manner except there may be no notation of damage on the freight bill. The PA should include instructions on the RFA to Central Receiving for disposition of damaged goods and a note to Accounts Payable to withhold applicable payment.
 4. Damaged material, FOB shipping point. Upon receipt of a RFA the PA should contact the department to determine whether replacement item(s) should be ordered. Reorder may best be accomplished by submission of a new PR by the department and issue of a new PO by the PA. If necessary, a Change/Cancellation Notice can be prepared to add the replacement of the damaged goods to the original order. The RFA should be returned to Central Receiving with instructions for disposition of the damaged goods.
 5. Damaged goods received via United Postal Service. Regardless of FOB shipping point, damaged goods should be held by Central Receiving and the RFA forwarded to the PA. The PA should notify the vendor who will order an inspection and arrange repair, return or replacement. The PA should annotate the RFA on disposition of damaged goods and instruct Accounts Payable to withhold payment only on FOB Fort Collins shipments.
- C. Unidentified receipts. The RFA along with a packing list and any other available document may be used to document shipments that do not reference a PO number or a department and therefore cannot be delivered. Upon receipt of the above documentation the PA should attempt to locate the department and to initiate proper documents and actions.
- D. Off campus repair actions. Central Receiving may use the RFA as a shipping and receiving document for repair transactions. The PA will be involved only if the cost of materials and service is over \$3,000 in which case a PR must be secured and a PO issued. ACARD or an AFE may be used for repairs up to \$3,000.

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XII. MONITORING ACTIONS

- A. General. Purchasing Department is responsible for monitoring all acquisitions although purchasing of low value or University provided materials and service has been delegated by use of IMOs, AFEs and ACARD. Further, certain departments such as Food Service, Library, Bookstore, etc., have been delegated purchasing authority in specialized areas.

Problems concerning incorrect use of a document, exceeding the maximum authorized dollar amount, incorrect or incomplete form preparation, unauthorized or lack of authorizing signatures, etc., will generally be noted by Accounts Payable. Accounts Payable has been authorized to accept certain variances as outlined in paragraphs B and C. Other variances should be referred by Accounts Payable to a PA for decision and any necessary corrective action.

B. POs.

1. Cost variations where invoice exceeds PO and purchase is not State contract or bid. Accounts Payable has been authorized to approve variations as outlined in FRS Bulletin Number 9.

Purchase Order Change/Cancellation Notices are not needed for the above. Variations exceeding the above should be referred by Accounts Payable to Purchasing. The applicable PA should review the PO and after coordination with the department and/or vendor should approve or disapprove the variance either by the PA approving the Squawk and/or by issuing a Purchase Order Change/Cancellation Notice. Documents and decisions should be returned to Accounts Payable within five (5) working days.

2. Variation other than cost. Accounts Payable is authorized to pay an invoice on which the vendor name or address is different than that on the PO or DPO provided reference to such items as purchasing document number, items and quantities purchased, date, amount, etc. indicates the invoice is a valid document.
3. Unauthorized freight charges. If the PO is marked "FOB Fort Collins" and Accounts Payable receives a separate freight bill the problem should be referred to the PA for necessary action. If the PA determines that the freight charge is unauthorized based on the PO terms, the PA should advise Accounts Payable to pay the freight and deduct the amount from the amount to be paid to the vendor.

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C. Authorization For Expenditure (AFE).

1. Review of violations. The AFE is used by departments for purchases from local and non-local vendors for materials or services costing \$3,000 or less or for certain exceptions to the \$3,000 single transaction limit, See AFE Exception List. AFEs will require review and action only when these established limits are exceeded or other procedures violated.
2. Authorized variations on invoices. Accounts Payable is authorized to accept the same variances as allowed on POs.
3. Purchasing action. When documents exceed the allowed variance or violate other requirements for use of the document as outlined in Section PM-4 of this manual, the action should be taken as follows:
 - a. Approval for payment may be made if it is deemed proper, by writing on the AFE "approved for payment by Purchasing Department" and initialing. The initiating department should be contacted, advised of the violation and instructed to use proper procedures in the future.
 - b. Request PR. In most cases of violation the AFE will be disapproved and a confirming PR requested from which a confirming PO must be prepared. The department head or higher supervisor should be advised in writing of such incorrect procedures.
 - c. Advise Accounts Payable. A copy of the letter requesting a PR and copies of the AFE and invoices, if any, should be sent to Accounts Payable.

XIII. FOLLOW UP ACTIONS

Non-routine problems concerning vendor failure to comply with specifications and terms of any formal purchasing document may be referred to the appropriate PA for necessary follow up and initiation of corrective action. Internally this may require initiation of a Change/Cancellation Notice, or RFA. Detailed instructions on preparation and use of these forms are contained elsewhere in this manual. Generally the PA based on specific circumstances will determine the action taken. The Purchasing Department will do follow up only upon special request. The PA who processed the PO will handle the special requests.