



## **PURCHASING POLICY AND PROCEDURES**

This document is provided as a guide to purchasing procedures currently in effect at Montana Tech of The University of Montana. Please refer to this document when purchasing supplies or contracting outside services for your department or area of responsibility.

Purchasing is the process used to identify, define, and fulfill supply (goods, materials, equipment) and outside service needs of Montana Tech at the lowest possible cost.

The State of Montana Department of Administration (DOA) is responsible for purchasing, including maintenance of policies and procedures for procurement of goods and services, for all State Agencies.

Periodically by form agreement, DOA delegates certain portions of its purchasing authority to State Agencies such as The Commissioner of Higher Education (CHE) and units of the Montana University System such as The University of Montana (UM). UM, in turn, has delegated purchasing authority up to \$50,000 to Montana Tech.

As an agency of the State of Montana, Montana Tech must comply with various government regulations pertaining to purchasing. Failure to abide by these regulations could result in the loss of purchasing privileges at the campus level.

The Purchasing Office staff is the primary contact between Montana Tech and its vendors, UM Purchasing, and the State Procurement Bureau. The Purchasing Office is available to help purchasers comply with procedures and, at the same time, complete purchases in a timely and cost-effective manner.

Purchasing is located in the Mining Geology Building, Room 303 and is part of the Budgets and Human Services Office. The following positions are assigned to purchasing:

### **Accounting Associate: Extension 4376**

Issues purchase orders under \$5,000 to departments other than the Athletics, ASMT, Bureau, Highlands College, Physical Plant and Sponsored Grants & Contracts. This position also answers questions concerning vendor payments.

The following departments have an associate who issues purchase orders on their behalf: Athletics, ASMT, Bureau, Highlands College, Physical Plant and Sponsored Grants & Contracts.

### **Director of Purchasing: Extension 4377**

Coordinates/authorizes purchases between \$5,000 and \$50,000 in accordance with State policy and procedures.

Coordinates/authorizes purchase requisitions and coordinates with UM Purchasing or the State purchasing bureau for purchases greater than \$50,000.

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Coordinates/authorizes special requirement purchases as required.

## **1. Levels of Purchasing Authority**

Based on progressive dollar amount of purchase, listed below are summary purchasing procedures. **Purchases are not to be artificially divided or sequenced so as to avoid using competitive quote or bidding procedures.**

All departments have authority to complete purchases up to **\$5,000** without requesting competitive quotes.

**Exception:** Special requirement purchases.

### **\$5,000 up to \$25,000**

Purchasing has the authority to complete purchase after completion of the limited solicitation process (obtaining a minimum of three competitive quotes). Under limited circumstances, as documented on the Sole Source/Brand Justification form, the department may request purchase from a single vendor.

### **\$25,000 up to \$50,000**

Purchasing has the authority to complete purchase after a formal solicitation process has taken place (Invitation for Bid or Request for Proposal) and evaluation of responses. Under limited circumstances, as documented on the Sole Source/Brand Justification form, the department may request purchase from a single vendor.

### **\$5,000 up to \$50,000 (Goods Only)**

On October 10, 2014, the threshold for the purchase of goods using a Limited Solicitation process increased from \$25,000 to \$50,000. This increase is limited to the purchase of goods only. The purchase of services using a Limited Solicitation process remains at the threshold of \$25,000.

### **\$50,000 up to \$250,000**

Purchasing has authority to submit a purchase requisition to UM Purchasing. UM Purchasing has authority to complete the purchase after completion of a formal solicitation process and evaluation of responses. Under limited circumstances, as documented on the Sole Source/Brand Justification form, the department may request purchase from a single vendor.

### **\$250,000 and Up**

Purchasing has authority to submit a purchase requisition to UM Purchasing. UM purchasing has authority to initiate a purchase requisition to the State of Montana Procurement Bureau. The State of Montana Procurement Bureau has authority to complete purchase after completion of a formal solicitation process and evaluation of responses. Under limited circumstances, as documented on the Sole Source/Brand Justification form, the department may request purchase from a single vendor.

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## **2. IDENTIFY NEED**

**The purchase is absolutely necessary and will be used for the benefits of Montana Tech and the State of Montana.** There must be proper authority of law and sufficient balance in accounts to be charged and such purchases will not result in request for additional funds from the Legislature.

No purchases are authorized for personal use or benefit. The following list serves as an example of items that are impermissible. This list is not inclusive.

- Personal supplies such as refreshments, decorations, facial tissue, cups, break room supplies, etc.
- Gifts for coworkers and/or student workers for any reason.
- Going away party supplies including decorations, cakes, beverages, snacks.
- Personal apparel.
- Personal subscriptions or memberships.
- Alcohol, tobacco, or firearms.

Accounts Payable and Purchasing have the authority to determine a purchase as permissible or impermissible. Invoices or payment requests submitted to accounts payable for impermissible purchases will not be processed.

No state controlled fund may be used for the purchase of alcoholic beverages.

## **3. DEVELOP SPECIFICATIONS**

Before Purchasing can issue a request for quote, invitation for bid, or a request for proposal, it is important that specifications are provided. Specifications should be worded as generically as possible (do not list specific brands or vendors in the specs.) to ensure fair competition and satisfaction of the need, but be specific enough to ensure the level of quality and desired function.

What to include in your specifications:

Full description of the supply/equipment

Date required

Quantity

Size, physical dimensions

Color

Speed

Processing Capability

Compatibility

Engineering or Architectural Drawings/Blueprints

Operating Tolerances (temperature, humidity, electrical, etc)

Delivery, Handling, Installation, Warranty and Service

**Physical Plant Office must be notified and approve the purchase of equipment that will require alterations of a building or room including but not limited to electrical outlets. The**

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**Physical Plant needs to ensure there is adequate power supply to the building; the equipment will fit in the space provided and through doorways of the respective building and room, and the weight of the equipment is manageable for the employees installing the equipment in its permanent location.**

## **4. PURCHASES EXEMPT FROM PURCHASING PROCEDURES**

Listed below are items which may be purchased without purchasing documentation.

- Advertising
- Boiler, safety, and scale inspections
- Books; items considered college inventory must be purchased by Library staff
- Commodities for entertainment purposes
- Computer charges
- Copy charges for copyrighted sheet music
- Copyrighted films and video tapes
- Correspondence courses and tests
- Dues to regional and national associations
- Fax charges
- Fees
- Freight
- Insurance (must be approved by department head)
- Licenses (not including software licenses)
- Maps; items considered college inventory must be purchased by Library staff
- Message Service
- Postage and standard Postal Service customer charges including PO Box rental
- Produce
- Publications; items considered college inventory must be purchased by Library staff

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- Reprints; periodical items for college inventory must be purchased by Library staff
- Royalties
- Subscriptions; items considered college inventory must be purchased by Library staff
- Taxes
- Telecommunications Charges
- Telegrams
- Telephone Rental, tolls, and installation
- Travel and per diem
- Utilities, Public (electricity, natural gas, water, cable)
- Wire Service

## **5. SPECIAL REQUIREMENTS PURCHASES**

Listed below are items that require special purchasing procedures.

- Chemicals and Radioactive materials – Purchases of chemicals must be initiated by each department's chemical acquisition manager for compliance with hazardous material regulations and tracking by chemical inventory management system. Otherwise, normal purchasing procedures apply. Direct questions about CIMS or CAM to Marilyn Cameron, ext. 4463.
- Construction, Remodeling/Renovation and Repair – Submit work order requests to the Physical Plant Office. Large construction projects such as new buildings and major remodeling are managed by UM Planning and Construction.
- Filing Systems – To purchase filing systems, a purchase requisition must be submitted regardless of dollar amount. Purchasing submits a purchase requisition to State Procurement Bureau who issues a State of Montana Purchase Order. These restrictions do not apply to file cabinets.
- Office Supplies – Purchases must be made through State Central Stores unless documentation supports the items were obtained at a lower price from another vendor.
- Printing and Graphics – No restrictions apply when these services are done on campus, through UM Printing and Graphics Services, or State Printing and Graphics Services. If using vendor other than another State Agency, the print shop must be a union print shop.
- Requisition Time Schedule – State Purchasing, on behalf of all State Agencies, increases bargaining power with vendors by negotiating procurement of certain high-volume purchases. This results in quantity discounts and lower prices. A purchase requisition

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must be sent to State Purchasing who then issues a State of Montana Purchase Order.

Items covered by the RTS:

- Motor Vehicles
- Elevator Maintenance
- Gasoline and Fuel Oil
- Propane
- Service/Maintenance Agreements
- Software – Purchases may be made through Central Stores.
- Term Contracts – The State and UM Purchasing negotiate contracts with certain vendors for purchase of selected items during a specified period. Term contracts are listed on the web at <http://gsd.mt.gov/procurement/termcontracts.asp> or contact purchasing for a current list of term contracts. The term contract number must be specified to vendor and on purchasing documents. Otherwise, normal purchasing procedures apply.

In some instances, a vendor is designated an EXCLUSIVE provider of selected items during the term contract period. If purchase of such items is made from another vendor, you become liable for penalty/payment of the same amount to the exclusive supplier, in effect paying for the same item twice.

## **6. VENDOR RELATIONS**

During inquiries (or receiving free advice) concerning products and prices, make it clear to the vendor that you are not committing to purchase.

Do not sign a vendor contract or agreement; contact purchasing for review of terms and conditions beforehand.

Contact purchasing if you have any problems with vendors and their products or service.

Do not rely on vendors for advice on Montana Tech purchasing procedures.

If possible, utilize vendors with whom there is an established account. If it is necessary to establish an account with a new vendor, purchasing will fill out the credit application and furnish applicable tax exemption certificates.

## **7. RECEIVING**

Please include specific deliver address instructions (name and building/room) on all purchasing documents in order to insure that you will be promptly notified after your merchandise is received in the Mail Center or Highlands College.

## **8. PAYMENT**

For all purchases, please ask the vendor to send invoices to:

Montana Tech of the University of Montana  
Accounts Payable

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1300 W Park St  
Butte, MT 59701-8997

Include PO numbers on all documents

To be considered for payment, all invoices must include a valid purchase order number. Invoices without valid purchase order numbers will be referred to appropriate department heads for approval prior to payment.

## **9. ETHICS**

Employees of Montana Tech of The University of Montana, and agency of the State of Montana, have a fiduciary responsibility to ensure all purchases are completed in an open and forthright manner, without favoritism toward any particular vendor, above reproach, and not subject to accusations of impropriety.

Employees may not solicit or accept gifts, gratuities, favors, or other items of value from suppliers, contractors, parties to sub-agreements, or other persons know to have current or future business dealings with Montana Tech of The University of Montana. Under no circumstances may an employee accept a gift or any other consideration which may influence a purchase. Acceptance of the following items by an employee may be considered a conflict with the ethical standards of Montana Tech:

Gifts and Gratuities – Passes or tickets for recreation or entertainment events. Consumable goods such as food, beverages, and tobacco.

Promotional Merchandise – Coupons or certificates good for discounts or free merchandise or services. Exceptions: Items of insignificant value (\$50 or less) such as pencils, note pads, calendars, items won from a random drawing at seminars/conferences offered by or on behalf of public agencies or employees.

Discounts – Discounts offered to Montana Tech are not for personal purchases of employees unless such discounts are offered to all public employees.

Trips – Expense paid trips offered by current or prospective suppliers or contractors.

Bid or Proposal Evaluation and Selection – Any employee having current or prospective employment or financial interest with a bidding vendor must not have any involvement in this process with respect to such vendor.

Compliance – Return impermissible gifts or gratuities to vendors as soon as possible. Report receipt and return of gifts in writing to your department head. Forward anonymous gifts to the Controller, Business Office; cash gifts go to the general fund, non-cash gifts go to departments who can use them to offset purchases or sold at public auction if Montana Tech is unable to use them.