

XX. PURCHASING POLICIES AND PROCEDURES

- A. **Authority to Purchase** TBR Policy 4:02:10:00 delegates the authority to purchase goods and services to the individual campuses. The following items are not covered by the delegation and require TBR approval:
1. Real Property – includes both the purchase and/or lease of land and/or buildings.
 2. Insurance – includes the purchase of any type of insurance. Common types of insurance include automobile liability when using rental cars/trucks/vans, damage insurance on equipment rentals, etc. The State of Tennessee is self-insured and all damages are handled through the board of claims.
 3. Professional or consulting services contracts for campus performances exceeding \$50,000 per year, and dual service agreements exceeding \$1,500 that are not TBR or UT employees.
 4. Data processing services or equipment exceeding \$50,000 per year. Projects currently receive approval through the budget process via a detailed plan submitted with the budget.
 5. All purchases that require written contracts must comply with TBR Guideline G-030. Contracts should be forwarded to the Administrative Secretary in Finance and Administrative Services prior to the issuance of a purchase order.
- B. **Approved Vendor List** All purchases must be made from vendors on the approved vendor list.
1. In order for a vendor to be approved, a vendor's application should be completed. The vendor application, instruction sheet, and commodity codes list is available in the Finance and Administration Public Folder.
 2. The vendor application is inspected for completeness by the buyer who will check the Better Business Bureau rating before issuing approval of the vendor and adding the name to the electronic system.
 3. **If the vendor to be added is a caterer, proof of liability insurance and a copy of the vendor's most recent health department inspection must be included with the bidder application.**
 4. If the vendor's application is not completed, approval of the Vice

President of Finance and Administrative Services is required before making a purchase. The approved vendor will be added to the electronic list.

5. If a vendor's service is unsatisfactory, the Vice President of Finance and Administrative Services should be notified immediately via e-mail or memo.
6. The memo should detail the problem, and the efforts made by the department to resolve the problem.
7. The Vice President will determine if further negotiation is warranted or if the vendor should be removed from the approved vendor list.
8. Suspension (pending resolution of a problem) or removal from the list will be communicated to the college via e-mail.

C. **Electronic Purchasing Requisition** Training for using Electronic Requisitions occurs in July of each fiscal year. In the case of newly-hired employees, the Coordinator of Purchasing should be contacted for training in the use of electronic requisitions.

D. **Central Stores** The college maintains central supply stores in the E-Building. The purchase of office supplies and routine classrooms supplies (such as dry eraser markers) is through the central stores operation. Employees must be authorized to use Central Stores prior to making a purchase. Authorization is granted using the Employee Service Access Authorization form.

E. **Purchases Less Than \$5,000**

1. To purchase items that cost less than \$5,000, an electronic requisition should be completed, approved by the department head, and system will forwarded to the purchasing office. The purchasing office will prepare and mail or fax the purchase order.
2. If the purchase order needs any enclosures (Vendor Order form, etc.) the word "enclosure" should be printed in the requisition document text and the enclosure forwarded to purchasing with requisition number referenced.

F. **Purchases of \$5,000 through \$24,999**

1. All items except Library Holdings (books, magazines, microform, video, etc.) ordered through the Library must be bid to a minimum of three vendors. Electronic subscriptions are not library holdings.
2. If the product is only available through one source, see section XI for sole-source justification.
3. Bid specifications must be generic. If it is necessary to specify a name brand, the phrase “or equal” must follow the name brand.
 - a. If a specific name brand (proprietary) is required, refer to section XI for proprietary justification procedures.
 - b. The bid can be phone, fax or formal. If time permits, formal bidding is recommended.
 - c. The bid specifications are detailed on the request for bid form, as well as the method of bid desired (phone, fax or formal). The specifications are reviewed and approved by the Vice President of Finance & Administrative Services.
 - d. After specification approval by the Purchasing Office, the bid is issued by the department/division.
 - e. **If a department/division wishes to perform the phone bid in order to expedite the order, the form must first be sent to the VP of Finance & Administrative Services for specification approval. After the specifications have been approved, the bid and telephone bid summary form will be forwarded for completion.** The telephone bid summary must include the name and phone numbers of the vendor representatives contacted.
 - f. Should the department state in the bid specifications that additional quantities can be ordered above those specified on the bid, a formal bid to fifteen vendors must be used if the additional quantities anticipated over the life of the bid will amount to \$25,000 or more.
 - g. When the bid method selected was formal, the department will receive a copy of the bid with the opening date detailed in the right upper corner. If a departmental representative is not present at the opening, an e-mail message will be sent requesting that the department review the bids and select the lowest qualified vendor.
 - h. **If the product being bid is replacing an in-place item, the in-place item should be listed on the bid as a trade-in.**

G. Purchases of \$25,000 or More

Formal bids to 15 (fifteen) vendors are required if the amount of the purchase is \$25,000 or more.

1. If fifteen vendors are not available, a memo documenting that all known vendors were used must accompany the request for bid forms.
2. The bid will be processed as detailed for formal bids.

H. Protested Bids

1. Right to Protest: An aggrieved bidder may submit a protest in writing to the chief purchasing officer within ten (10) days after he or she knows or should have known the facts giving rise to the protest.
2. Authority to Resolve Protest: The purchasing officer shall review all bid protests and communicate his or her decision in writing to the chief business officer.
3. If a protest is not resolved to the satisfaction of the aggrieved bidder, the aggrieved bidder may request an opportunity to meet with the chief business officer to present his or her grievance.
4. Protests shall be submitted to the chief-business officer within ten (10) days of a written decision of the chief purchasing officer.
5. The Chief Business Officer, in consultation with the President or his or her designee, shall review the appeal. If the chief business officer's decision does not resolve the issue, the aggrieved bidder may appeal to the Chancellor or his or her designee.
6. Request for this action must be made in writing within ten (10) days of the date of the decision of the Chief Business Officer. The determination of the Chancellor or his or her designee is final and shall be given in writing and submitted to the protestor.

- I. **Purchases from State Contract** Many products and services have been bid by the Department of General Services. Information on these items is located on state web link <http://www.state.tn.us/generalserv/purchasing/kont.htm>. Purchases made using these contracts do not have to be bid. The electronic requisition must list the state contract number (SWC) when ordering from a state contract.
- J. **Multi-step Sealed Bidding** The use of multi-step sealed bidding is required in the acquisition of institutional computer systems involving the purchase of hardware and the development of application software. It can also be used for the procurement of other products or services when it is not practical to prepare initially definitive specifications. See TBR guideline B-035 for more information.
- K. **State Manufactured Articles and Services** All budgetary units are required to purchase items and services from other State agencies, e.g., Department of Correction, Blind Services, whenever such items or services are available and meet the desired conditions and standards.
- L. **Purchases from Small and Minority-Owned Businesses** All departments shall actively solicit bids from small and minority owned businesses in order to obtain a fair proportion of goods and services from such businesses. The Purchasing Office should be contacted for small/minority vendor names when preparing bids.
- M. **Special Purchase Categories**
1. **Sole source** purchases are made only when items are unique and possess specific characteristics that can be filled by only one source. To request sole source purchase authorization, the Sole Source/Proprietary Approval form, available from Finance and Administration Public Folders, is completed and attached to the requisition.
 2. **Proprietary** (brand name) purchases occur when a product is manufactured and marketed by a person or persons having the

exclusive right to manufacture and sell the product. Marketing is generally controlled by franchises that may include competitive sales at the wholesale or retail levels.

Proprietary purchases must be bid if the estimated purchase is \$5,000 or more. To obtain proprietary approval, the Sole source/Proprietary Approval form is completed and attached to the bid request forms.

N. Competitive Negotiation A contract may be entered into by competitive negotiation only in cases where the college is unable to obtain the goods through the bid process. Competitive negotiation is permissible only when authorized by the President, and must adhere to TBR policy 4:02:10:00, section XVI.

O. Microcomputers, Computer Repairs, Software and Computer Parts

1. The purchase of microcomputers with an aggregate cost of \$5,000 or more requires approval of the Computer Resource Committee. Approval is obtained as part of the three-year plan in the budgeting process. To request approval outside of the plan, the requisition/bid for the computer and a memo justifying the purchases must be sent to the director of Computer Services.
2. **When purchasing microcomputer parts to repair or upgrade a computer, the property tag number of the machine being upgraded/repaired must be listed on the requisition, and the requisition must contain the approval of the Director of Computer Services. Departments are authorized to perform minor maintenance on computers, which includes: changing printer ribbons, toner, and dusting. Departments cannot install motherboards, network cards, network printers, microprocessor chips, software, or any other network device unless doing so in a class that instructs the students in the same. Assistance from Computer Services can be requested through the help desk.**
3. Software purchases must be coordinated through the Computer Services division. Specific instructions for the purchase of software through existing contracts is available from the secretary of the

division. Account code should be 74430.

- P. **Prepaid Purchase Orders.** As required by Tennessee State Law, purchases will not be paid prior to receipt of goods or services.
- Q. **Subscriptions and Memberships.** TBR Guideline G-080 governs subscriptions and memberships. The following rules apply to subscriptions:
1. The subscription must be directly related to the goals and mission of the College.
 2. Account Code 74480 should be used on the requisition in Banner so that the Director of Property Management and Purchasing may research the subscription database to ensure that the one subscription rule is followed. If a subscription exists, the Director of Property Management and Purchasing will provide the name of the department/division/individual receiving the publication so that the publication can be shared.
 3. To renew a subscription, the budgetary unit should prepare a Requisition for Purchase Order and use Account Code 74480.

The following rules apply to memberships:

1. Memberships are allowed only in professional organizations that support the mission of the college.
 2. Individual memberships are not allowed unless the organization does not permit institutional memberships.
 3. Institutional funds cannot be used to purchase memberships in private or civic organizations.
 4. Account Code 74480 must be used on the requisition for a membership so that the Director of Property Management and Purchasing may check for adherence to TBR guidelines.
 5. Membership renewals are also processed on a Purchase Order.
- R. **Receiving Reports** After receiving supplies or services from a Purchase Order, an email should be sent to Central Receiving stating the status of the P.O. **Please note that the requestor of a purchase order cannot be involved in the receiving process, including signing the receiving paperwork or**

sending the email.

- S. **In-house Computer Repairs** Computer services technicians are contacted via an e-mail to the Help Desk. The e-mail should state the nature of the problem (if known), the location of the computer, the tag number, and the account number to which replacement parts should be charged.

- T. **Copy Center** The copy center is located in C166 and is open **8:00a.m. – 4:00 p.m. Monday – Thursday and 8:00 – 11:30 a.m. on Friday.** The Copy Center Request form can be found in Public Folders under Finance and Administration/Copy Center.

- U. **Bookstore Purchases**
 - 1. Any employee utilizing the services of the Bookstore to charge against a department/division account must be authorized to purchase items in the Bookstore on the employee service authorization form.
 - 2. No purchase order is required of any individual approved to use the services. Purchases made through the Bookstore must be less than the \$1,500 bid limit.
 - 3. The Bookstore offers departments/divisions a 20% discount on all supply items. The discount does not extend to textbooks.
 - 4. Departments/divisions can obtain the forms necessary to order desk copies of textbooks from the bookstore contractor.
 - 5. The Bookstore offers a 10% discount on non-textbook supply items purchased for personal use by an employee provided the unit cost exceeds one dollar.

- V. **Emergency Purchases.** Emergency purchases occur when the need to purchase the goods could not be reasonably predicted. A memo documenting the cause of the emergency should be attached to the requisition and forwarded to the Vice President of Finance and Administrative Services for approval. If practical, the purchase will be made on the basis of competitive bids (fax or phone).

- W. **Surplus Property.** Surplus property is governed by TBR Policy **4:02:20:00.**
 - 1. Surplus computer parts should be given to the Computer Services

Division for disposition. Contact the division secretary at 353-3291.

2. For other property, the Director of Property Management and Purchasing should be contacted at 353-3289.
 3. If the original purchase price of the item is greater than \$5,000 or the item was originally classified as Sensitive Minor, an Equipment Surplus form must be completed.
 4. This form is available in Finance and Administration, Business Office forms.
- X. **Other.** TBR purchasing policy should be referenced for clarification of any part of this policy other than the dollar purchasing limits which have intentionally been set by the college at a lower rate.

XXI. TENNESSEE BOARD OF REGENTS' CODE OF ETHICS IN PROCUREMENT AND CONTRACTING

The Code of Ethics was developed by the TBR Council of Buyers, approved by the Chancellor, and shall be applicable to all employees in the Tennessee Board of Regents System who are primarily responsible for the purchase of goods or services for any institution or school in the System.

A. Statement of Policy

Employees must discharge their duties and responsibilities fairly and impartially. They also should maintain a standard of conduct that will inspire public confidence in the integrity of the institutions and schools.

B. General Standards of Ethical Conduct

1. Any attempt to realize personal gain through public employment, inconsistent with the responsible discharge of that public employment, is a breach of public trust.
2. Employees shall base all purchases on the principle of competitive bidding consistent with policies of the Board and the institution or school.
3. Employees shall grant all competitive bidders equal consideration, regard each transaction on its own merits, and foster and promote fair, ethical and legal trade practices.
4. Employees shall avoid misrepresentation and sharp practices, and demand honesty in sales representations whether offered through the medium of a verbal or written statement, an advertisement, or a sample of a product.
5. Employees shall be receptive to competent counsel from colleagues, and be willing to submit any major controversy through the appropriate appeals processes.

FINANCE AND ADMINISTRATIVE SERVICES

6. Employees shall accord prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
7. Employees shall not use without consent the original designs developed by a vendor for competitive purposes.

C. Conflict of Interest

It shall be a breach of ethical standards for any employee in the performance of his or her official duties to participate directly or indirectly in any proceeding or application, request for ruling, or other determination, claim, or controversy, or other particular matter pertaining to any contract, or subcontract, and any solicitation or proposal thereof, in which to his or her knowledge:

1. He or she or any member of his or her immediate family has a substantial financial interest; or
2. A business or organization in which he or she or any member of his or her immediate family has a substantial financial interest as an officer, director, trustee, partner or employee, is a party; or
3. Any other person, business, or organization with whom he or she or a member of his or her immediate family is negotiating or has an arrangement concerning prospective employment is a party.

A substantial financial interest shall include but not be limited to: (1) ownership of ten percent (10%) or more of the outstanding stock of a corporation; (2) any interest in a partnership, or (3) receipt of salary or other payment for services rendered from any organization.

Direct or indirect participation shall include but not be limited to involvement through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing or in any other advisory capacity.

D. Gratuities

It shall be a breach of ethical standards for any employee or former employee to solicit, demand, accept, or agree to accept from another

person, a gratuity or an offer of employment, in connection with any decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling or other determination, claim or controversy, or other particular matter, pertaining to any contract or subcontract and any solicitation or proposal thereof.

E. Contemporaneous Employment Prohibited

It shall be a breach of ethical standards for any employee who is involved in purchasing to become or be, while such an employee, the employee of any party contracting with the particular governmental body by which the employee is employed.