

**UT Health Science Center:  
FI0405-H Procurement – Fiscal Procedure**

<b>No./Title:</b> F405 Procurement	<b>Resp. Office:</b> FINANCE	<b>Effective Date:</b> 07/01/2016
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<b>Related Policies:</b> FI0405 – Procurement		

**PURPOSE**

To provide departments with the policies and procedures for bidding and for obtaining goods and services.

**BACKGROUND**

University of Tennessee Fiscal Policy [FI0405 - Procurement](#) sets forth policies related to obtaining goods and services for the university.

**APPLICABILITY**

This policy applies to all departmental procurements with the following exceptions:

- The procurement of legal services by the University's General Counsel or administrative court costs incurred by the university.
- Procurements associated with capital projects approved by the State Building Commission.
- Procurements between the university and other governmental agencies including the federal government, the State of Tennessee and the Tennessee Board of Regents.
- Procurements of real estate by the university.
- Acceptance of gifts. Goods or services accepted as gifts must be handled in accordance with [Fiscal Policies FI0315](#) and [FI0620](#).
- With respect to the new Federal Uniform Guidance rules concerning purchasing, the university elected to delay implementation of these procurement standards until July 1, 2017, and will continue to comply with OMB circular A-110.

The Health Science Center (HSC) **Office of Procurement Services** primary responsibility is to issue purchase orders to acquire goods and services in accordance with Fiscal Policy FI0405.

## PROHIBITED PRACTICES

All purchases must be for official university use or benefit only. Departments may not purchase or request goods or services unless funds are available. The following are prohibited:

- ❑ Employees may not make personal purchases with university funds or purchase items that personally benefit another employee. These prohibited purchases include greeting cards, flowers or similar gifts prohibited by the [Employee Gift Acceptance Policy FI0717](#). Departments may not use university funds to purchase items for employees and allow the employees to reimburse the university. Also, employees may not use the university's letterhead to place orders for personal purchases or use the university's name to avoid paying sales taxes when making personal purchases.
- ❑ University personnel, who are connected in any way with requisitioning or procuring goods or services used by the university, shall not accept any personal gifts, gratuities, or kickbacks from vendors or potential vendors (in some cases, such actions might result in criminal violations). Any university employee who becomes aware of such activities shall inform Audit and Compliance Services. For more details on understanding, avoiding and reporting conflicts of interests, see [FISCAL POLICY FI0125](#), Conflict of Interests.

## PROCUREMENT AUTHORITY

- ❑ Procurement officers are authorized to issue purchase orders to acquire goods and services. Purchase orders issued by other university employees are invalid and do not obligate the university. The Procurement Department will receive all bids and make all awards for every purchase of \$10,000 or more, unless an exception has been granted by the chief financial officer and the campus/institute chief business officer or
- ❑ designee. With the approval from the campus/institute chief business officer and the chief financial officer, departments requiring a high volume of competitive procured items, may be given permission to solicit bids outside of the Procurement department. These purchases must abide by this policy and all documentation related to the procurement must reside in the Procurement Department.

## AVAILABLE RESOURCES

Before preparing a request to procure goods and services, departments must determine whether the goods or services are available through existing resources or agreements. Departments must procure items in the order listed below. These methods do not require additional approval, a purchasing requisition, a contract, or bids to be obtained.

- a. **Campus Resources**
- b. **UT Market Place** To view the Market Place [CLICK HERE](#)
- c. **Existing Purchasing Agreements** - The State of Tennessee, the Tennessee Board of Regents (TBR) and the University of Tennessee have agreements with many different vendors offering negotiated prices. Links to these agreements are on the [System's Procurement Services' website](#) and the campus/institute
- d. **State Resources** - Departments may purchase products and services available from other state agencies such as [TRICOR](#).
- e. **Group Consortium Agreements** - The Procurement Departments may, without further bidding, use purchasing agreements established by a group purchasing organization

(consortiums or cooperatives) provided that the agreements resulted from competitive bids through a governmental entity. A list of available consortiums will be maintained on the [System Procurement Services website](#).

- f. **Preferred Hotels** - Through a competitive process, the university has entered into agreements with hotels in locations frequently visited by employees. Departments may reserve rooms or events directly with these hotels without further bidding or contracts. For more information visit the [System's Travel Webpage](#).
- g. **U.S. General Services Administration (GSA) Schedules and Contracts** - When a vendor maintains a schedule or contract with the U.S. General Services Administration (GSA), or any agency of the U.S. government, the university may directly negotiate with that vendor.

## PROCUREMENT METHODS

If a department is not able to locate the goods or services through one of the methods listed above, they must procure the items in accordance with one of the following methods. Failure to follow these requirements may result in disciplinary action.

- ? **Small Purchases (under \$10,000)** See FI0405 6. a.
- ? **Exceptions to the Bidding**
- ? **Process Competitive Negotiation**
- ? **Unique Goods or Specialized**
- ? **Services Emergency Purchases**
- ? **Utilities**
- ? **Sponsored**
- ? **Projects Library licenses**

### Informal Bids (Purchases between \$10,000 and \$49,999)

*Note: HSC departments must contact Procurement Services for authorization to solicit informal bids up to \$49,999.99. If authorization has been granted and bids have been received by the department, a note to this effect should be put in the header text of the purchase requisition in the IRIS Financial System. The requisition number should be indicated on the cover memo that accompanies the bids being sent to Procurement Services.*

### Formal Bids \$50,000 and Greater

**Types of Formal Bids** – When items are procured in a formal process, the Procurement Department will generally use one of the following techniques:

- ? Request for Information
- ? (RFI) Request for Quotes
- ? (RFQ) Request for
- ? Qualifications Request for Proposal

Procurement Office can assist with determining which of the above processes will work for bidding for goods and services. HSC departments should contact Procurement Services concerning the time required for complex procurements involving capital equipment, services, software systems, custom products, etc. Several months may be required to complete the

procurement process for these type items.

### **Types of Purchase Orders**

- ☐ Standard Purchase
- ☐ Order Framework
- ☐ Order Change Orders

**Exemption from Federal and State Taxes** HSC departmental personnel authorized to make purchases in accordance with policy may complete the Tax Exemption Certificate and submit to vendors upon request.

**Lease/Purchase Alternatives** HSC departments that plan to purchase equipment with federal funds should advise Procurement Services if it is feasible to consider leasing or rental as an option based on grant or contract requirements and program needs. Procurement Services can solicit bids with purchase and lease and/or rental options.

**Trade-ins** An HSC department desiring to trade-in equipment in conjunction with purchase of new equipment should include a notation in the header text of the requisition. Each piece of equipment to be traded-in should be listed as a separate line item in the requisition. The line item Short Text should read "Trade-in of (equipment description)". A value price of \$0.01 should be entered for each item to be traded-in. The Closed "CI" field for any trade-in line items sold be marked with an "X" to indicate yes. This will prevent an encumbrance from showing for the line item. In the "Item Desc/Specs" field for the trade-in items the following information should be included:

1. Manufacturer, model number, serial number
2. UT inventory tag number
3. Condition of equipment including service contract history
4. Minimum trade-in price department has set for item
5. Person to contact for additional information on the item

**Canceling Invitation to Bid** At the HSC to cancel an invitation to bid or a requisition, in whole or in part, the department head or designee should send a written request to Procurement Services (preferably an email message to the purchasing agent assigned to the requisition). The requisition number and item(s) to be cancelled should be included in the request.

**Canceling Purchase Orders** To cancel a purchase order, in whole or in part, the department head or designee should send a written request to Procurement Services (preferably and email to the purchasing agent that issued the purchase order). The purchase order number, requisition number, vendor name and item(s) to be cancelled should be included in the request along with a statement as to whether the goods have been received by the department.

**Emergency Purchases** At the HSC the approved Justification for Non-Competitive Purchases and Contracts form may be sent to Procurement Services by Fax. Do not submit the original if the form is being faxed. The completed form should be saved as a Word document, attached to an email message and sent to [Purchasing@uthsc.edu](mailto:Purchasing@uthsc.edu).

**Non-Competitive Purchases** At the HSC the Non-Competitive Justification Form (NCJ) can be located by logging into the University's Purchasing System. When making a non-catalog purchase, the NCJ Form must be completed and submitted with the purchase requisition.