

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 7 – J

DATE: October 3-5, 2017

SUBJECT: BOR Policy 5:4 – Purchasing (Emergency Approval)

Attached are proposed changes to BOR Policy 5:4 – Purchasing. The policy has been updated by the procurement group to include the purpose of the policy and definitions and put in the new format. Attachment I shows the proposed changes. No substantive changes have been made. The action indicates emergency approval to avoid two readings.

DRAFT MOTION 20171003_7-J: I move emergency approval of the changes made to BOR Policy 5:4 – Purchasing.

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: Purchasing

NUMBER: 5:4

A. PURPOSE

To ensure all South Dakota Codified Laws, South Dakota Board of Regents policies and United States government requirements and regulations are adhered to when purchasing equipment, supplies and services for institutions and offices under the control of the South Dakota Board of Regents.

B. DEFINITIONS

1. **Competitive Bids:** A formal process used to solicit competitive pricing from multiple suppliers.
2. **Competitive Quotes:** An informal process used to solicit competitive pricing from multiple suppliers.
3. **South Dakota Codified Law (SDCL):** South Dakota Codified Laws pertaining to the acquisition of equipment, supplies and services.
4. **Supplies:** Any property, including equipment, materials, and printing.

C. POLICY

~~1. **Preamble**~~—SDCL §13-49-15 and §13-49-16 provide the Board with power to purchase equipment, supplies, and services, as long as such purchases are in accordance with SDCL §5-18A, B & D.

The Board has delegated authority to enter into contracts for the purchase of equipment, supplies, and services by the institution except as delineated otherwise in this policy. All purchases shall be made in accordance with the following policy.

1. ~~2.~~—State Contracts

The State of South Dakota through the Office of Procurement Management maintains various contracts for supplies and equipment. The contracts are bid by the State of South Dakota or are national contracts the state participates in. These contracts must be utilized as the first source unless it is more cost effective to purchase the items from other sources.

2. ~~3.~~—Equipment & Supply Purchases under \$4,000

Orders for ~~non-contract items~~ supplies with a total cost of less than \$4,000 shall be obtained by using sound business practices in the best interest of the institution. A written quote shall be obtained from the vendor and attached to the purchase requisition unless the item(s) are purchased from an existing contract.

3. 4.—Equipment & Supply Purchases between \$4,000 and \$25,000

According to SDCL §5-18A-11, any order with a total cost exceeding \$4,000 and less than \$25,000, requires a minimum of three competitive quotes unless the item(s) are available from existing contracts; are considered exempt as outlined in Section 56 below; or are justifiably a sole source. Orders for any non-exempt item(s) must be approved by Office of Procurement Management unless they are being purchased from existing contracts. The institution's purchasing department will be responsible for obtaining competitive quotes and approval from the Office of Procurement Management if applicable.

4. 5.—Equipment & Supply Purchases exceeding \$25,000

~~Items~~ Supplies with a total cost exceeding \$25,000 must be bid by the Office of Procurement Management unless the item(s) are available from existing contracts; are considered exempt as outlined in Section 56 below; or are justifiably a sole source. All sole source requests must be submitted on the standard sole source form and require approval by the Office of Procurement Management. Bids for non-exempt items must be coordinated with the Office of Procurement Management.

5. 6.—Exempt Items

SDCL §5-18A-22 provides an exemption from competitive bidding requirements for ~~items~~ supplies referenced in this section. Exempt ~~items~~ supplies shall be purchased using sound business practices and in the best interest of the institution. A written quote must be obtained from the suggested supplier and attached to the purchase requisition. Purchasing Specialists shall review exempt orders to determine if and when competitive quotes should be solicited. Any federal bidding requirements if funded from federal grants must be adhered to.

5.1. a)—Any contract for the purchase of supplies from the United States or its agencies or any contract issued by the General Services Administration;

5.2. b)—Any purchase of supplies or services, other than professional services, by purchasing agencies from any active contract that has been awarded by any government entity by competitive sealed bids or competitive sealed proposals or from any contract that was competitively solicited and awarded within the previous twelve months;

5.3. e)—Any equipment repair contract;

5.4. d) Any procurement of electric power, water, or natural gas; chemical and biological products; laboratory apparatus and appliances; published books, maps, periodicals and technical pamphlets; works of art for museum and public display; medical supplies; communications technologies, computer hardware and software; peripheral equipment, and related connectivity; tableware or perishable foods;

5.5. e) Any supplies, services, and professional services required for externally funded research projects at institutions under the control of the Board of Regents;

~~5.6.f)~~ Any property or liability insurance or performance bonds, except that the actual procurement of any insurance or performance bonds by any department of the state government, state institution, and state agency shall be made under the supervision of the Bureau of Administration;

~~5.7.g)~~ Any printing involving student activities conducted by student organizations and paid for out of student fees;

~~5.8.h)~~ Any purchase of surplus property from another purchasing agency;

~~5.9.i)~~ Any animals purchased;

~~5.10.j)~~ Any seeds, fertilizers, herbicides, pesticides, feeds, and supplies used in the operation of farms by institutions under the control of the Board of Regents.

~~6.7.~~ Technology Purchases

All orders for technology related items exceeding \$500.00 in total cost shall be reviewed by the institution's Information Technology Department.

~~In addition, technology purchases are subject to the Board of Regents Policy 7:6—Technology Purchases.~~

~~7.8.~~ Executive Director and Board Approval

~~7.1.~~ Purchases of capital assets with a per-unit cost between \$250,000 and \$500,000 must be approved by the Executive Director of the Board of Regents prior to a purchase order being issued.

~~7.2.~~ Purchases of capital assets with a per-unit cost exceeding \$500,000 must be approved by the Board of Regents prior to a purchase order being issued.

~~7.3.~~ All capital asset requests must be submitted to the Board of Regents for approval on the standard "Capital Asset Request" form.

~~8.9.~~ Printing Projects

~~8.1.~~ Per Bureau of Administration Administrative Rule 10:02:03:01 any publication, pamphlet, flyer, or brochure with a total cost exceeding \$100 and for distribution to the public at large, must bear an inscription indicating the number of copies made, the approximate cost per copy, and the name of the printer. Refer to the following link for more detail: <http://legis.state.sd.us/rules/index.aspx>.

~~8.2.~~ An exemption to this requirement has been granted to all Board of Regents institutions for the following items:

- Materials used for the recruitment of students
- Materials used for recognition of students and employees including graduation programs, diplomas and certificates of recognition
- Programs for athletic events that are sold to the general public.

~~9.10.~~ Environmentally Preferred Products

Bureau of Administration Administrative Rules 10:02:05:01 through 10:02:05:15 pertain to the use of environmentally preferred products when purchasing printing projects, paper stock,

and cleaning and maintenance equipment and supplies. Refer to these rules when purchasing these items. If the total cost of recycled paper exceeds the cost of virgin stock by 5% or more, virgin stock may be used.

10.11. Non-Professional Services

—Any contract for non-professional services in excess of \$25,000 must be awarded through a competitive bid process. This process may include a sealed bid process or Request for Proposal (RFP). Non-professional services include services which are typically physical or manual in nature, examples include: bussing contracts, snow removal, garbage contracts, etc. Construction and public improvement projects are not considered services and are governed by Board of Regents Policy 6.4 and 6.6.

11.12. Professional Services

11.1. Any contract for professional services in excess of \$50,000 must be awarded through a Request for Proposal process. The requirements listed in SDCL §5-18D-17 through §5-18D-22 shall be followed.

11.2. Professional services are classified as: services arising out of a vocation, calling, occupation, or employment involving specialized knowledge, labor, or skill, and the labor or skill involved is predominantly mental or intellectual, rather than physical or manual.

12.13. Debarred and/or Suspended Vendors

Per federal law, any purchase made from federal funds exceeding \$25,000, may not be made from a vendor that has been debarred or suspended from doing business with the federal government. Any purchase order meeting this requirement shall be certified by checking the following website: <https://www.epls.gov/> - <https://www.sam.gov/portal/SAM/##11> and a copy of the results attached to the purchase order.

FORMS/APPENDICES:

Capital Asset Request Form

SOURCE:

—BOR, ~~October, 1991;~~ ~~October, 1992;~~ ~~March 1995;~~ ~~January 1999;~~ ~~March 2003;~~ ~~March 2005;~~ ~~October 2007;~~ ~~December 2009;~~ ~~April 2010;~~ ~~June 2010;~~ ~~June 2011;~~ 2017.



SOUTH DAKOTA BOARD OF REGENTS CAPITAL ASSET PURCHASE REQUEST

Please check approval action needed:

Board Authorization Required: _____

Executive Director Approval Required: _____

Is this an Externally Funded Research Purchase?

Yes _____

No _____

Institution: _____ Department: _____

Fund Source: _____

(SPECIFIC REVENUE SOURCE MUST BE IDENTIFIED)

Estimated Cost: _____

Item Description: _____

Purpose:

Institutional Authorization: _____ Date: _____

Date Approved by the Board of Regents: _____

Executive Director Approval: _____ Date: _____

**NOTE: Institutions are responsible for processing their requisitions through their procurement department.
All supporting information must be attached with this request.**

*Policy 5:4: Capital asset purchases of \$250,000 to \$500,000 require Executive Director approval.
Capital asset purchases exceeding \$500,000 requires Board of Regents approval.*