

SOUTH DAKOTA SCHOOL OF MINES & TECHNOLOGY PURCHASING and ACCOUNTS PAYABLE PROCEDURES

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This document is intended as a guide for purchasing procedures for the South Dakota School of Mines & Technology (South Dakota Mines). If you need clarification on anything or have additional questions, please contact Business Services at South Dakota Mines:

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The Business Services Department will not negotiate for personal purchases. Faculty and staff members are not allowed to order personal items under the name of South Dakota Mines.

Additional Reference: South Dakota Board of Regents Purchasing Policy 5:4 –
<https://www.sdbor.edu/policy/documents/5-4.pdf>

Payment Works (formerly W9 process)

The South Dakota Board of Regents system has teamed up with PaymentWorks (PW) to automate and strengthen controls surrounding payee onboarding for those vendors with whom we do business. This changes the way we obtain W9s from vendors. Instead of requesting W9s to be emailed, snail mailed, or faxed, you can now securely send the vendor an invitation through the PaymentWorks portal to complete an electronic W9.

PaymentWorks verifies the vendor's tax identification number and legal name against social security administration records, checks the sanction/debarment list, runs addresses against the US Postal Service, and if the vendor signs up for ACH, PaymentWorks attempts to verify if the bank account belongs to the vendor. This is all done in real time and PaymentWorks continually checks our registered vendor information so if changes occur, we are notified. ALL of this helps protect us from fraud, keeps us in compliance and provides efficiencies. This new, secure PW process will replace the current means of requesting a W9.

State Contract Purchases

Contracts maintained by the State of South Dakota should be considered your first source for supplies, equipment, and service. This includes all Cooperative Agreements recognized by the State of SD. Contracts may be viewed through SDezbuy punchout and hosted catalogs or on the state site located at:

http://www.state.sd.us/boa/opm/state_contracts.htm

Shared Services

Procurement at South Dakota Mines is part of a centralized purchasing system for the state of South Dakota and therefore governed by the policies of the South Dakota Board of Regents (Policy 5:4). All requisitions are submitted through SDezBuy to the buyer of the commodity, who in turn, will process according to the policies of the Board of Regents and Bureau of Administration. There are seven Purchasing buyers (throughout the SDBOR) who handle the commodities. SDezBuy allows departments to specify a particular buyer on their requisition for their purchases. Please reference the "Purchasing Commodity Code to Account Code Crosswalk" in SNAP for commodity/account/buyer information.

All invoices for purchase orders (PO) are sent to Brookings, South Dakota (SDSU) to Shared Services Accounts Payable (SSAP) by the vendor or End User who submitted the requisition. SSAP will process the invoice and send a check to the vendor on the PO.

Bidding

Local bidding procedures that will ensure competitive procurement procedures and that follow the guidelines adopted by the Office of Procurement Management shall be adopted.

COMPUTERS and COMPUTER HARDWARE & SOFTWARE:

All computers and computer hardware and software purchases are required to be purchased through a requisition in SDezBuy. ITS will review and approve these requisitions before they are sent on to the Buyer.

The **Software Purchasing Checklist** (available under Purchasing Forms on the Experience Portal) is required to be **completed and attached to ALL software purchases** (39000 - Software and 39100 – Software, Hosted or Web-Based) of any dollar amount.

COMPUTER RELATED ITEMS ONLY:

\$0 to \$499.99	Obtain from the best source that will provide the highest quality at the most competitive price. Required to be submitted on a purchase order, or If you are unable to find a vendor that will accept a purchase order for your purchase, other arrangements may be made.
\$500 and over	Process a purchase requisition thru SDezBuy and attach at least one written quote. The South Dakota Mines ITS office will approve the requisition before it is sent to the buyer for Purchasing approval.

SUPPLIES AND EQUIPMENT PURCHASES:

To the extent allowed by SDBOR Policy 5:4 and in compliance with applicable state laws and rules, University purchases must conform to the following:

- \$0 - \$999.99 Obtain product (s) from the best source that will provide the highest quality at the most competitive price. All purchases of supplies and equipment are required to be submitted on a requisition using SDezBuy (you do not need to attach a quote if the total is under \$1,000).
- For items under \$1,000, if you are unable to find a vendor that will accept a purchase order for your purchase, you may use your department's p-card (if your department has one, and if p-card policies are followed), or other arrangements may be made for direct bill or personal reimbursement (taxes will not be reimbursed).
- \$1,000-\$3,999.99 Process a purchase requisition thru SDezbuy and attach at least ONE written quote. The quote must include any shipping, freight and installation charges. Please see "Obtaining Written Quotes" at the end of the policies for a full description of what is required on a quote. It is highly recommended to obtain other competitive quotes to ensure you are obtaining the best possible price for South Dakota Mines. There is no option for direct bill or reimbursement for supplies and equipment purchases greater than \$1,000, it must be purchased through a PO.
- \$4,000 - \$49,999.99 In accordance with SDCL 5-18A-11, any order with a total cost exceeding \$4,000 and less than \$50,000 requires a minimum of three (3) competitive written quotes unless the item(s) are available from existing contracts, are considered exempt as outlined below, or are justifiably a sole source. Orders in excess of \$4,000 must be submitted on a purchase requisition.
- Orders for any non-exempt item(s) must be approved by the OPM unless they are being purchased from existing contracts.
- The University Purchasing or Purchasing Shared Services buyer, as appropriate, will be responsible for submitting competitive quotes to and receiving approval from the OPM.
- \$50,000.00 and over Process a purchase requisition using SDezbuy and attach detailed written specifications using the Specification Form found on the Finance tab on SNAP. This category must be bid by the Office of Procurement Management.

Sole Source/Emergencies – Occasionally an item/service is only available from one vendor OR is required in a short period of time to not allow bidding. If your purchase falls in this category, you may be asked to attach a Sole Source and/or Emergency Form which can be found on the Finance tab on SNAP.

Board of Regents Approval Limits

Purchase of capital assets with a unit cost between \$250,000 and \$500,000 must be approved by the Executive Director of the Board of Regents. Purchase of capital assets with a unit cost exceeding \$500,000 must be approved by the full Board of Regents. Please contact the South Dakota Mines Purchasing Office for more information on this process.

(Purchases may not be split to avoid the provisions of these procedures)

EXEMPT ITEMS: Certain items are exempt from the state bid laws per SDCL 5-18A-22. Items included in this exemption: computer hardware and software, computer peripherals, communication technology items, published books, perishable foods, equipment repairs, chemical and biological products, medical supplies, works of art, animals, feed, seed and supplies used on farms and equipment and supplies purchased with externally funded research funds.

Process a purchase requisition thru SDezbuy for any purchase of exempt items over \$1000 (\$500 if computer related) and attach 1) at least one written quote or 2) a specification form (if you want the responsible buyer to bid it). It is highly recommended to obtain other competitive quotes to ensure you are obtaining the best possible price for South Dakota Mines. The responsible buyer will make the final decision on whether to solicit additional quotes in the best interest of the university. A sole source and/or emergency justification may be required.

Requisition/Purchase Order Approval

For requisitions sent to a buyer on our campus, if the requisition is completed correctly, and it does not need to be sent to a shared buyer (or OPM) and it does not need to be bid, please allow a minimum of 24 to 48 hours (excluding weekends and holidays) after submittal of a requisition, for it to be processed.

If the requisition goes to another campus' buyer or OPM, and if it needs to be bid or extra quotes acquired, it may take longer than the minimum time. Most bids are advertised for a week or two, depending on State law.

Please plan accordingly.

SERVICES:

Per BOR policy 5.2.1, a contract is required for all service-related contracts, regardless of cost or term. The contracts will be processed in the contract lifecycle management (CLM) software (or Contracts+). Funds will be encumbered in Banner for each contract year if obligation is greater or equal to \$4K and a term exceeding 60 days. A signed contract (or a PO approved and acting as a contract) is required before any service can begin.

Non-Professional Services

Contracts for non-professional services in excess of \$50,000 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. This RFP process must be advertised per SDCL 5-18A-14. Examples include bussing contracts, snow removal, garbage contract, etc. A service contract is created as a result of the applicable process.

Construction and public improvement projects are not considered services and are governed by BOR Policy 6.

Professional Services

Contracts for professional services in excess of \$50,000 must be awarded through a RFP process. The requirements are listed in SDCL 5-18D-17 thru 5-18D-22. 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. A consultant contract is created as a result of the applicable process.

PRINTING, PROMOTIONAL ITEMS, and UNIFORMS & CLOTHING:

When purchasing any of these three commodities (62000, 62500, and 78500-except clothing purchased through the Rocker Shop) a requisition is required, and is passed through University Relations (UR) in the SDezBuy Workflow first to ensure brand compliance, and is then sent to the buyer for Purchasing approval.

➤ Printing Services

All printing services (for any dollar amount) are required to be processed on a requisition in SDezBuy and a PDF of the artwork or logo must be attached.

- Printing from \$1,000 to \$3,999 also requires a quote to be attached to the requisition.
- Printing over \$4,000, also requires that the specifications for the printing be attached to the requisition. All printing will be bid through SDBOR Sourcing Manager Web Based system or sent to Office of Procurement Management (OPM) to be bid.

Any publication, pamphlet, flyer, or brochure of total cost exceeding \$100 to distribute to the public at large, must bear inscription:

- # of copies made
- Cost per copy
- Name of printer

Exempt items: recruitment of students, grad programs, diplomas, programs for athletic events that are sold to the general public, etc. Refer to the following link for more detail:

<http://legis.state.sd.us.rules.index.aspx>.

➤ **Promotional Items**

There must be a PDF of the artwork or logo attached to the requisition.

➤ **Clothing/Uniforms**

There must be a PDF of the artwork or logo attached to the requisitions, along with a list of names of people that will have the clothing. If the clothing is purchased through the South Dakota Mines Rocker Shop (Bookstore), no PO or Marketing approval is needed.

MEMBERSHIPS/SUBSCRIPTIONS:

Memberships and subscriptions may only be paid for a single year term. A multiple-year membership/subscription will only be acceptable if there is a 30% or greater savings on the total price. Documentation showing the savings is required.

Memberships

Any membership totaling \$100.00 or more, is required to be reviewed and approved by the Director of Business Services before purchase. Documentation, including how the membership benefits the university and what is included in the membership, is required.

Software subscriptions

Any subscription for software – hosted, cloud, contract for service – of any dollar amount is required to be purchased through a requisition for ITS to approve in the purchase order workflow in SDezBuy. (Please see the “Computer Hardware and Software” section on page two.)

DIRECT BILLS/REIMBURSEMENTS:

Direct Bills

- A direct bill may be issued to South Dakota Mines for a service. There should not be tax charged; South Dakota Mines is exempt from sales tax.
- Only when a vendor does not accept a PO, and another vendor is not available, may equipment and supplies under \$1,000 be direct billed.
- All direct bills must have the following information on them for processing:
 - Vendor Number - look up vendor in FAIVNDH
 - If vendor is not in the system, have Business Services provide a link to Payment Works
 - Commodity Code – found on commodity crosswalk
 - Account Code – found on commodity crosswalk
 - Index/Grant Account – account to pay for charges
 - Authorized Signature for Index or Grant
- Departments are responsible to check on direct bills and resolve issues with the vendor – discrepancies on invoice, tax charges, etc.
 - Direct bills should be tracked so bills are paid on time (hotel direct bills, contract payments, etc.)

Reimbursement (check request to Accounts Payable - AP)

All reimbursements must be submitted to AP **within 90 days of the receipt date or purchase.** If it is after 90 days when the items are submitted to AP, you will be unable to be reimbursed through the university.

- Approved reimbursement purchases: food and entertainment, and only items that cannot be purchased any other way than through personal funds.

****All meals/refreshments for meetings and events/gatherings on campus must be purchased through the food contractor for SD Mines campus. Please contact Business Services or Dining Services with any questions.****

- **Sales Tax is not reimbursed on any purchases that are not food or entertainment**
- Attach to check request:
 - Proof of payment – original receipt (credit card statement if you do not have the receipt, no screen shots of the statement)
 - List of legible names for: food, clothing, and ticketed items (notate any employees on the list)
 - Explain the purchase on the form – what, where, when, who, how
 - You may not be reimbursed for a purchase until the item is received

****Please allow up to two weeks, after submittal, for direct bills/invoices and reimbursements to be processed/paid. Please plan accordingly.****

MISCELLANEOUS:

Debarred and/or Suspended Vendors

The University shall comply with SDBOR Policy ____ to ensure that vendors or contractors are checked against appropriate governmental exclusion, debarment, and suspension lists. 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.

The appropriate buyer will be responsible for checking the status of vendors. Any purchase order meeting this requirement shall be certified by checking the following website: <https://www.sam.gov> and a copy of the results attached to the purchase order.

Terms and Conditions

Many vendors provide terms and conditions with their quotes. Those need to be reviewed by the department before processing the requisition. The particular buyer and/or the SOUTH DAKOTA MINES Purchasing Office will also review them for language that is required by the Board of Regents.

Obtaining Written Quotes

It is important that you obtain a complete written quote from the vendor. It needs to be detailed to include the model #'s of the items/service you are purchasing, freight costs (if applicable), a complete address/phone/fax of the vendor and a signature (if possible). If the quote references terms and conditions and they aren't included, ask for them also. Email quotes are acceptable ONLY if they include everything mentioned above in the email.

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.

Energy Star regulations must apply to any electronic appliance or device.

SDezBuy training tools

All training for SDezBuy can be found on SNAP.

SNAP → Finance (tab) → Purchasing Tools → Purchasing Training Resources (click)

http://snap.sdbor.edu/tag.f15f2d6a62725eb1.render.userLayoutRootNode.uP?uP_root=root&uP_sparam=activeTab&activeTab=u281s52&uP_tparam=frm&frm=