



KENNESAW STATE
UNIVERSITY

**Kennesaw State University
Office of Fiscal Services**

Purchasing Manual

The purpose of this manual is to introduce, in outline form, the resources that Purchasing Agents and Contracting Officers may use to learn and understand the scope of their work at KSU. The real benefit of having an outline rather than a simple list of these links to website is to see the framework that holds together the disparate sources of laws, rules, regulations, policies and procedures. It may also serve as a reference for experienced Purchasing Staff.

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I. General Overview

Fiscal Services is one of the units that operate under the direction of the Chief Business Officer (CBO). The Office of Fiscal Services is charged with overseeing the management of the institution's financial portfolio. Departments include Financial Reporting and Compliance, Auxiliary Accounting, and Accounting Operations, Within Accounting Operations is the Bursar's Office, Procurement, Payroll, Accounts Payable and Travel, and Contract Compliance.

II. Procurement Organization

Personnel within Procurement Services report to the Director of Procurement and include two Assistant Directors for purchasing and strategic sourcing, an ePro Systems Administration, P-Card Administration, Purchasing Agents and Contracting Officers. A list of active procurement staff and their responsibilities can be found on the Fiscal Services – Procurement website at

<https://fiscalservices.kennesaw.edu/procurement/contact.php>

III. Procurement Policies and Procedures

The University subscribes to the policies and procedures that have been established by the Board of Regents. The University has further established additional policies and procedures covering special circumstances pertinent to University operations. These policies and procedures must be read, understood and observed by University Purchasing Officers. See Finance and Business policies in the [KSU Policy Portal](#).

Generally, purchases made by the University must be for University business and must not be for personal use or benefit. Purchases for personal use or benefit are a violation of law. See [Examples of Unauthorized Purchases](#) on the Procurement - Policies and Procedures webpage under Fiscal Services.

Below is a list with links to procurement related policies and procedures. In order to be fully knowledgeable regarding KSU-specific procurement policies and procedures, it is important for all KSU purchasing professionals to review, and refer back to, these policies and procedures when responding to inquiries from internal and external customers.

Purchasing Card (P-Card) Policies and Procedures

- [KSU P-Card Manual](#)
- [KSU P-Card Policy](#)

Procurement Policies

- [Statewide Purchase Order Policy](#)
- [Competitive Solicitation Policy](#)
- [Consulting Services Policy](#)
- [Monitoring Internal Controls of Financial Transactions Policy](#)
- [Contract Signature Authority Policy](#)

Procurement Procedures

- [Contract Review Process](#)
- [Contract Submission Process](#)
- [Examples of Unauthorized Purchases](#)
- [KSU Purchasing Manual](#)
- [Procurement Decision Matrix](#)
- [Purchasing Procedures](#)
- [Test of Propriety for Use of University Funds](#)

IV. Principles

Personnel within Procurement Services are expected to perform their work in accordance with state laws, Board of Regents – University System of Georgia and University policies and procedures.

- A. **Working for Government** – Personnel within Procurement Services are public servants. New employees may find that the work is markedly different from work in the private sector.
 1. Accountability to Taxpayers – Purchasing Officers participate in a system of controls over the expenditure of money, generally documenting compliance with laws, rules and regulations. This “paperwork” requirement is subject to audits conducted on behalf of taxpayers.
 2. Fairness – Much effort is devoted to assuring that all who wish to do business with the University are given an equal opportunity to do so,

in compliance with laws, rules regulations, policies and procedures established for this purpose.

3. Value – Purchasing Officers are expected to obtain good value for money spent, obtaining the best combination of price and quality after consideration of other important objectives.
4. Business Purposes – Purchasing staff must assure that all expenditures are for proper business purposes and never for the personal use of University employees or others.
5. Training – DOAS requires state purchasing staff to obtain [professional certifications](#). Certifications by other purchasing organizations, public and private are strongly recommended. Organizations such as National Institute for Government Purchasing (NIGP), Institute for Supply Management (ISM), American Purchasing Society (APS), and National Association of State Procurement Officials (NASPO) provide training and professional development for career purchasing professionals.

B. Ethics – Ethical behavior is expected of University Purchasing Agents/Contracting Officers staff. Ethical behavior in the context of performing purchasing services simply means honesty, but it encompasses other qualities as well. For example, behaving ethically earns the trust and confidence of taxpayers, while unethical behavior erodes taxpayer support critical to the University’s mission.

1. Responsibility – There are numerous sources for a better understanding of the ethical standards required of purchasing professionals. A good starting point is Section I.4.4.1 of the [Georgia Procurement Manual](#) (sometimes hereinafter, the “GPM”).
2. Liability – There are stringent penalties for failure to adhere to standards of honesty and ethical behavior expected of state government employees, including Purchasing Agents/Contracting Officers. See e.g., [O.C.G.A. § 50-5-80](#).

C. Communications – Communications by employees in Procurement Services must be timely, informed and professional.

1. Timeliness – Procurement Services has committed to providing University departments a response to inquiries within 24 - 48 hours (or an explanation within this period, if an adequate response will take longer).
2. Authority – Procurement Services has also committed to provide University departments with correct information “the first time,” so that valuable time and resources are not wasted. We are obliged to stand behind our directions and answers.
 - a. Communication Flow – It is strongly recommended that Purchasing Agent/Contracting Officers ask an immediate supervisor whenever unsure of answers (and not a fellow Purchasing Officer).
 - b. Research Answers – To save time, it is important to research the *Georgia Procurement Manual* and, if necessary, the Board of Regents *Business Procedures Manual*, and bring the researched/recommended answer with you to the immediate supervisor for interpretation.
3. Business Demeanor – Emails and telephone conversations should reflect the professionalism of the office, and a civil, business tone should be maintained even if employees of other departments are discourteous or informal.

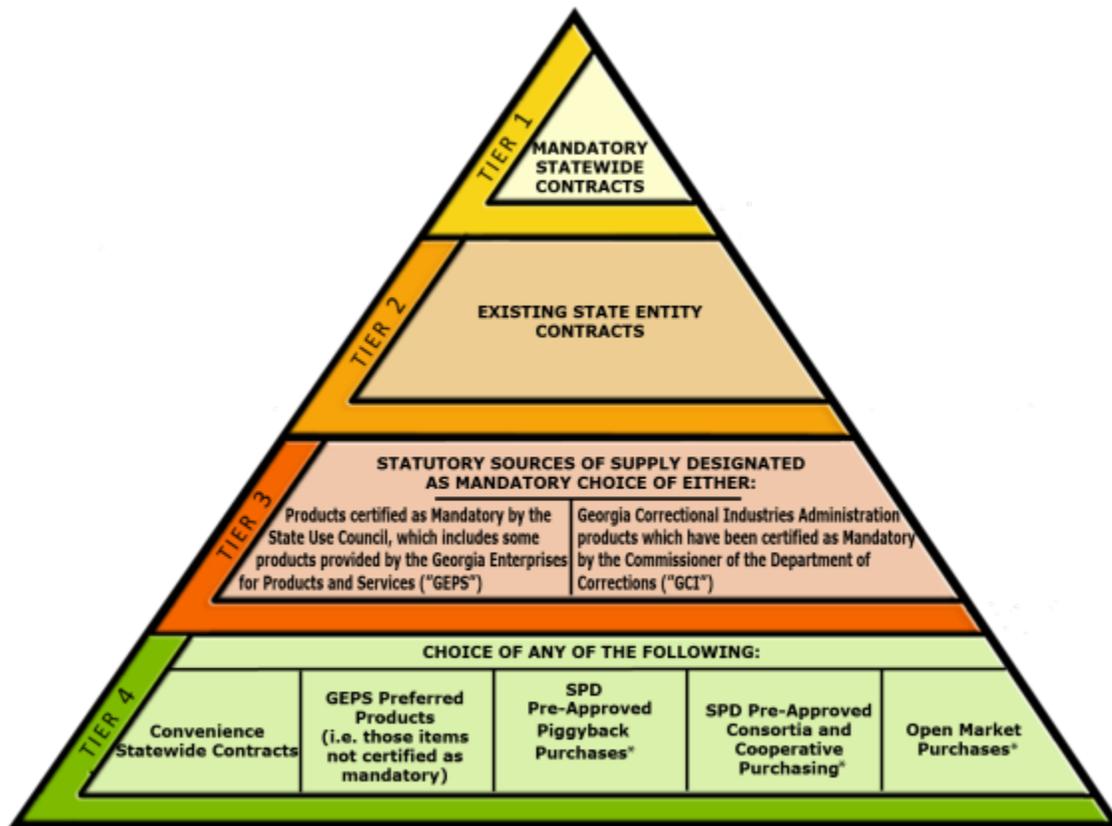
D. Competitive Solicitation – At the heart of government purchasing lies the belief that competition is the surest way to obtain top value for taxpayers.

1. Legislative Mandate – The Georgia Legislature, as documented in the Official Code of Georgia Annotated (*O.C.G.A.*), has determined that purchases of goods and services must be based on competitive solicitations. *O.C.G.A. § 50-5-67(b)*. See also, *O.C.G.A. § 50-5-50*. Competitive bidding is the law.
2. Not Always Lowest Price – For a variety of reasons, competitive solicitations will not always deliver the lowest price. Employees in other University departments will sometimes complain that they can find a cheaper price. Our purchases reflect a number of objectives, in addition to low price.

- a. Prices Reflect University Interests – Not only do we seek a low price, but we also seek to purchase goods and services on favorable terms such as extended warranties and better insurance coverage for accidents and injuries.
- b. Not all providers of goods and services will submit bids in response to our solicitations. For example, some do not care to do business with government agencies due to greater paperwork requirements, while others are unable to respond to solicitations in a *responsive, responsible* (see Appendix A) manner.

V. Order of Precedence

The state of Georgia requires procurement professionals follow an order of precedence in purchasing, as illustrated in the diagram below.



Tier 1 - Mandatory Statewide Contracts (SWCM)

These contracts, managed by the Department of Administrative Services, must be used by all state, including colleges and universities and may be used by local government entities, with the issuance of a purchase order (see [SAO Purchase Order Policy](#)) or P-Card.

Use of state contracts offer a number of benefits including:

- A. Time savings - The University has minimal administrative duties with these contracts, e.g. [eVerify](#), [insurance](#) and other compliance documents have already been collected by DOAS.
- B. Catalog pricing – Maximum prices are stated in the contract. The university may negotiate lower pricing based on volume or usage of the contract.
- C. Unlimited spending – There is no cap or maximum contract amount on statewide contracts. Use of statewide contracts (both mandatory and convenience) is not limited by dollar amounts or the university’s delegated purchasing authority so monitoring of spend data is not required.
- D. [GeorgiaFIRST Marketplace](#) – This is an online ordering system for some of the statewide contracts that have catalog pricing. It allows state agencies and universities to order items directly using PeopleSoft ePro. Once the order is placed, the system generates a purchase order to the supplier. Requesters can save items as “Favorites” so that ordering becomes simpler over time.

Tier 2 - State Entity (Agency/University) Contracts

Like statewide contracts (Tier 1), university contracts are awarded through a competitive solicitation process. Orders from these contracts can be fulfilled quickly since only a purchase order is needed. All other required documentation was collected upon award of the contract and renewals thereafter.

Note: Tier I and Tier II contracts helps us avoid duplication of effort and waste of the state’s resources. The Director of Procurement/College University Procurement Officer (CUPO) and the Department of Administrative Services must approve waiver requests for exceptions to the Order of Precedence.

Tier 3 – Statutory Sources

Statutory sources of supply deemed mandatory, by the Georgia Legislature or DOAS, do not require competitive bidding but may require approval of the State Use Council. See Section 1.3.3, [GPM](#).

- A. [GEPS](#) – State certified products or services provided by the Georgia Enterprise for Products and Services.
- B. [GCI](#) – State certified products offered by Georgia Correctional Industries. *Not all products or services from these two entities are deemed mandatory by the State, only the certified products.*

Tier 4 – Other Purchasing Methods

- A. Statewide Convenience Contracts and GEPS Preferred (non-mandatory) Products – Use of these contracts are recommended to save time on purchasing and ensure compliance with State procurement rules.
- B. Piggybacking Purchases – With permission from DOAS, the University may purchase goods and services from a contract awarded by another state agency or university without competitive bidding, but only for a limited time and only in limited amounts. See applicable procedures and request form at Section 1.3.4.3., [Georgia Procurement Manual](#).
 - 1) Internal Policy on Piggybacking – The University should also be willing to permit other state entities or universities to piggyback on Kennesaw State University contracts under the following conditions:
 - The contract is not a sole source award or a contract resulting from a waiver issued by DOAS.
 - There is available volume or anticipated unspent dollars on the contract.
 - 2) DOAS Approval – Purchasing Officers are advised that piggybacking requests can require much effort and expenditure of time, while resulting in a possible denial from DOAS.
- C. Consortia and Cooperative Purchasing (also known as a Group Purchasing Organization) – This is a mechanism for two or more independent organizations

with similar purchasing needs join together to better leverage their buying power and achieve more favorable terms and pricing from vendors. Use of a cooperative purchasing reduces the workload for members by eliminating duplication of effort in issuing RFPs and managing contracts for the same good/service. Public advertising of the scope of work is required. See Section 1.3.4.4 of the GPM for Consortium/Cooperative Purchasing procedures

The consortia/cooperative procurement process does not apply to any of the following purchases:

- Purchases which are exempt from the competitive solicitation process and/or the State Purchasing Act Purchases,
- Purchases from mandatory or convenience statewide contracts,
- Purchases from existing state entity contracts,
- Purchases pursuant to Tier 3 of the [Order of Precedence](#),
- SPD-approved "piggyback" purchases, or
- Any contract resulting from a competitive solicitation conducted in accordance with the provisions of this manual even if only one responsive and responsible bid/proposal is received.

Guidelines - In Official Announcement# 20-01, effective October 8, 2019, DOAS provided clarification on the use of consortia or cooperative agreements. In order for the university to use a consortia, it must be a private non-profit organization or a governmental entity (other states or their political subdivisions) that has competitively solicited the selected good(s) and/or service(s). Additionally, the contracting officer must determine if the use of the consortia or cooperative purchasing organization is appropriate by analyzing the following:

- the value and competitiveness of the contract compared to market research of other available sources of supply;
- the scale of the competitive bid and whether it is a similar or larger scale than a competitive bid conducted by the state entity itself; and

- the terms of participation in the consortia or cooperative purchasing contract, such as whether they permit the inclusion of Georgia-required terms, as well as whether there are prohibited terms, such as auto-renewals.

The following consortia or cooperative purchasing entities meet the requirements of being either a non-profit or governmental entity.

Educational & Institutional (E&I) Cooperative Purchasing - E&I is a member-owned, non-profit purchasing cooperative serving the needs of education. Contracts are available to higher education, K-12 and related communities.

General Services Administration (GSA) - GSA is a federal government agency providing centralized procurement for the federal government. Use of GSA contracts does not require SPD's prior approval; however, the university must comply with the following:

- only utilize those GSA schedules that are open to state government entities
- only contract with those suppliers with the cooperative purchasing symbol as identified by the GSA
- comply with the GSA's bidding process as applicable

Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP) Infuse - MMCAP Infuse is a national cooperative group purchasing for government facilities that provide healthcare services. It is operated by the State of Minnesota, Office of State Procurement.

National Association of State Procurement Officials, Inc. (NASPO) - NASPO is a non-profit association that is made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia and the territories of the United States. Use of NASPO contracts requires SPD's execution of a participating addendum. Prior to posting a public notice to use a NAPSPO contract, a procurement manager or director should reach out to the State Purchasing Division of DOAS. SPD will coordinate with the university to ensure compliance with GPM Section 1.3.4.4.

Sourcewell (formerly National Joint Powers Alliance or NJPA) - Sourcewell is a service cooperative created by the Minnesota legislature as a local unit of government.

More organizations may be added to this list by DOAS. If a contracting officer or purchasing agent would like DOAS to add another entity to this list, verify that the

entity is non-profit or governmental entity, then coordinate with procurement manager or director to reach out to DOAS for approval.

D. Open Market Purchases – When items cannot be sourced through the methods in Tiers I, II, III or other methods in Tier 4, a competitive solicitation is required for goods and services that can will cost the university \$25,000 or more over the course of a fiscal year. This threshold applies to the university as a whole, not individual departments, for each fiscal year. The rule applies to reasonably foreseeable purchases.

Example 1 - If a program uses a consultant each year for three years and pays him or her \$20,000 annually but in the fourth fiscal year, due to some operational needs, the consultant is paid \$27,000 for his or her services. This expenditure was not reasonably foreseeable. However, if in the first year, the consultant was paid \$20,000, then the next year - \$22,000, third year - \$24,500 then it is reasonably foreseeable that in the fourth year, the consultant costs would be above \$25,000 or approximately \$27,000 as the cost of the consultant has been growing by at least ten (10) percent each year.

Example 2 – Department A is using a software product, Ryddem, with a total cost of \$21,600, including licenses. Unbeknownst the Department A, another department, Department B is using the same product. For Department B, the cost is only \$6,000. A diligent purchasing agent receives a requisition from Department B, checks the spend data for this supplier and realizes that a purchase order for \$21,600 has already been issued for this product. What should the purchasing agent do? Bring it to the attention of your supervisor and the Sourcing Team and create the purchase order. This was unforeseeable on the part of both departments.

VI. Exceptions to Competitive Bidding

While competitive bidding is the law, it does add cost, it can be burdensome, and it can create hardships by reducing choices. A number of exceptions to this basic law (of purchases through competitive bidding) exist so that these unfavorable effects are

minimized. Note, however, that it is important to comply with all limitations established for each of these exceptions.

\$25,000 Threshold

The Georgia Legislature mandates competitive bidding, but it also declares in a separate statute that competitive bidding is not required if the goods or services can “reasonably be expected” to cost less than \$25,000. [O.C.G.A. § 50-5-59\(a\)](#).

- A. \$25,000 Threshold – The threshold at which competitive bidding is required is applied on a *reasonably foreseeable* basis. If it is *reasonably foreseeable* that needed goods or services of a certain specification will be required during the fiscal year and the expected cost of the reasonably foreseeable needs will meet or exceed the threshold, then competitive bidding will be required. See the [Georgia Procurement Manual](#).
- B. No “Bid-Splitting” – Departments may not split reasonably foreseeable purchases into two or more transactions for the purpose of circumventing the \$25,000 “threshold.”

Sole Source/Sole Brand

When a Purchasing Agent determines that only one supplier is capable of providing a needed item or service, the source of supply is considered a “sole source,” and will not require competitive solicitation. A “sole brand” purchase, on the other hand, requires competitive bidding because the specific item (typically a name-brand item) is available from more than one supplier, reseller or authorized dealer. Sole Source and Sole Brand are similar in one manner only. They both require public notifications. They differ in that Sole Brand requires competition among resellers and authorized dealers and Sole Source does not since the University, by using this method, is asserting that there is only one viable source for the product or service. So See Section 2.3. et seq. of the [Georgia Procurement Manual](#) for procedures.

Exempted Products and Services

Some products and services are exempted from competitive bidding by operation of state law or by agreement between DOAS and another governmental entity. See [List of Exempt Commodities and Services](#); see also Section 1.2.4., Exempt Goods/Services by NIGP Code in the *Georgia Procurement Manual*.

Emergencies

Recognizing that competitive bidding can be a lengthy undertaking, the law grants an exception in the case of true emergencies such as extreme weather conditions or official-declared emergencies. See Section 1.3.5., et seq., *Georgia Procurement Manual*.

- A. Justify to DOAS – Purchasing Officers should ask department end users to draft a justification for the emergency purchase on a DOAS form ([SPD-NI004 Emergency Justification Form](#)), but Purchasing Officers should revise the form, if necessary, based on follow-up with the requestor, and submit to the Director of Procurement Services for internal review before submission. Emergencies that will result in “public works” are not under the purview of the DOAS, as all University “public works”, by law, is delegated to the Board of Regents of the University System of Georgia. In these instances, only BOR guidelines and/or approval is applicable.

See Section 1.3.5.1 of the GPM – Utilizing a Purchase Order or P-Card for Emergency Purchases. Also, note Appendix B for a further definition of **Emergency versus Urgent** purchase.

- B. Internal Policy – Procurement Services has internal policies governing the meaning of true emergencies.
 - 1) Life, Health and Safety – There should be substantial evidence that life, health or safety is or has been jeopardized.
 - 2) Poor Planning Is Not an Emergency – Emergency purchases should not be permitted merely due to the poor planning by a University department – See Appendix B.

Contract Amendments and Extensions

There are legitimate ways to amend or extend a contract so that an additional competitive solicitation is not needed or can be postponed. However, there are substantial limitations to this type of action, and great care should be taken to follow both the letter and spirit of purchasing laws, rules and regulations.

- A. Contract Amendments – The parties to an existing agreement may alter its price, specifications, duration, etc., provided such changes are within the scope of the original agreement and so long as the overall cost does not exceed ten percent of the original agreement or \$250,000, whichever is less, within a twelve month period, in our case the fiscal year. More substantive changes must have the prior approval of DOAS. See generally, Section 7.6.1.2., *GPM*.
 - 1) Scope of Contract – Purchasing Agents and Contracting Officers should review the contract and the amendment’s scope of work to see if an amendment is advisable, based on the GPM and make a recommendation to their supervisor. Legal Affairs should be consulted before Procurement proceeds with the proposed amendment.
 - 2) Avoid “End Runs” – The use of a contractor to buy goods or services not within the scope of the contractor’s work should be avoided, as such, an action would violate the spirit of procurement laws.

- B. Contract Extensions – Multi-year contracts may not exceed five years without the prior written approval of DOAS. See Section 3.6.2., *GPM*.

Intergovernmental Agreements

Agreements between two or more government agencies for the supply of goods or services available at one of the agencies, not from a contract at the “selling” agency. These agreements are not subject to bidding requirements or dollar limits and do not require DOAS approval. See Section 1.2.2.1., *GPM*.

Goods and Services Offered by the University

Department end users frequently fail to take advantage of goods and services offered by the University. Examples include:

- Surplus Properties – e.g., surplus furniture.
- Services – e.g., Website Design, Plumbers, Janitors, Movers.

Temporary Employees

Sometimes the services of an independent contractor are requested, when the relationship might more appropriately be one of temporary employment, through Human Resources. Employees, temporary or otherwise hired through Human Resources, are exempt from bidding requirements; it may be helpful to check with HR early on in the decision process. Temporary employees hired through an employment agency are not exempt. The State of Georgia has mandatory contracts with Temp Services agencies for basic, low skilled tasks. End users may check [GeorgiaFIRST Marketplace](#) for these services. See Appendix C – Independent Contractor vs. Employee Checklist.

VII. Delegation of Authority

The authority to purchase goods and services rests with the Georgia Department of Administrative Services, and the Board of Regents (BOR) has generally consented to this authority. The Board of Regents retains its authority to conduct solicitations for public works projects as defined by the Attorney General. Therefore, to the extent of the Board’s consent, the University’s authority to purchase goods and services is limited to those actions expressly delegated by DOAS. Purchases outside this delegation of authority from DOAS and BOR to the University are prohibited.

1. Technology Purchases – The Board of Regents (BOR) has retained some authority over technology purchases. Purchases of \$250,000 or more must have the approval of the University System of Georgia’s CIO, prior to the initiation of the solicitation. DOAS purchasing rules (GPM) must still be followed. See [Section 3.1.2.3. of the Board of Regents Business Procedures Manual](#)
2. “Public Works” and Construction Contracts – The Board of Regents (and its system universities) are exempt from the State Purchasing Act (and DOAS authority) in the case of construction contracts, or “public works.” See Sections 1.2.1.2. (Partial Exemption), 1.3.6.1. (Definition and Attorney General Informal Advice Letter) and 3.5.1.3. (Immigration and Security) of the *GPM*.

- A. “Public Works” Defined Broadly – For the purposes of this manual, "construction" or "public works" contract includes contracts for design, engineering, construction, alteration, modification, demolition, maintenance and repair of fixed assets, as well as consultant contracts relative to such activities. Public works contracts also include all public contracts that are covered by the statutory requirements for a payment or performance bond. As a rule, if the contract is to be performed on public property and involves a fixed asset, the contract is a public works contract. Public Works includes both “furnishing” and “installation,” not mere furnishing of materials. DOAS offers similar guidance in Section 1.3.6.1. of the *GPM*.
- B. Different Set of Rules Applicable – If services are determined to be public works services, then generally, the Board of Regents [Building Projects Procedures Manual](#) is applicable, and *not the DOAS GPM*.

VIII. Approvals

Some purchases may not proceed without the approval of various departments on campus. Contrary to common belief, the need for such approvals is usually instigated by other departments and not by Procurement Services. Although the electronic requisition system (ePro) will automatically steer a requisition to some types of approver for either approval or denial, it is left to the Purchasing Agent to assure that all necessary approvals have been requested. Approvers include:

1. **Contracts and Service Agreements** – All contracts, service agreements, documents with terms & conditions, licenses, and MOUs must be submitted to the Contract Compliance team for review and approval before being signed and/or executed with payment using the online [Contract Submission Form](#). Once submitted, the document will be issued a KSU Contract number and the review process will take place. Information on this process can be found at: <https://fiscalservices.kennesaw.edu/contracts/index.php>. Questions regarding contract review should be submitted to Contracts@kennesaw.edu.
2. **Requester’s Manager** – A department head, and a business manager, if applicable, within the requester’s department will need to approve the purchase

based on the manager's determination of allocations from the budget. An ePro requisition will automatically be routed electronically from the requester to the supervisor prior to Purchasing Officer involvement.

3. **Audio Visual Items and Services** include, but are not limited to, digital cameras, DVD players, multimedia players, camcorders, tripods, PA systems, recording hardware (including portable equipment), microphones, rental equipment, and/or specialized recordings. This includes all purchases, rentals, and/or related services. For the most current Audio, Video, and Communications (AVS) policy on purchases, refer to the University Information Technology Service (UITs) link and secure prior approval from UITs by completing the web form request at: <http://uits.kennesaw.edu/support/formspurchases.php>.
4. **UITs & Computer-Related Purchases Items and services** include, but are not limited to, software, iPad Accessories, keyboards, mouse, storage devices, PC Speakers, remote presenter tools, domain names, off-site storage and other miscellaneous computer equipment and accessories. For the most current UITs policy on purchases, refer to the University Information Technology Service (UITs) link and secure prior approval from UITs by completing the web form at: <http://uits.kennesaw.edu/support/formspurchases.php>.
5. **Design Approval - The KSU Visual Identity Program** requires prior approval to ensure the proper use of official KSU logos, official KSU colors, and the University name (this includes any text with "KSU" or "Kennesaw State University"). These guidelines must be used consistently across campus including, but is not limited to, signage, presentations, employment ads, electronic media (Facebook, LinkedIn, etc.), radio/television ads, and any publications.

The Office of Strategic Communications and Marketing is responsible for producing and approving the use of college-specific and unit-specific logos. Requests for these types of logos should be submitted to logos@kennesaw.edu. An approved copy (proof) of all printed material using official logos, official colors, and/or the university name must be submitted with the cardholders Monthly Statement Detail Report. More information on the Visual Identity Program can be found at <https://styleguide.kennesaw.edu/>

6. **Food Purchases** (e.g., Papa Johns, Wing Stop, Moe's... regular delivery/pick-up, etc.) Officially, Sanctioned Student Activities – Any purchases of food for students must follow the guidelines for “food purchases” in the BOR Business Procedures Manual and must include all required supporting documentation.

Documentation must include:

- The Food Documentation Form (required for all food purchases regardless of the fund source used):
<https://fiscalservices.kennesaw.edu/accounting/compliance/food-approval.php>
- Itemized receipt showing all meals/items purchased with prices.
- Roster/list of participants showing name and signature/check-in of each student for small events (for activities not open to the entire campus).
- Copy of schedule, event agenda, event flyer, or other documentation showing that the meal was to support an authorized student activity.

Notes: Food is not allowed on the P-Card for faculty, staff, coaches, or other University employees (e.g.: athletic team travel, competition group travel, sanctioned group events, campus events, Departmental meetings/trainings, etc.). If desiring to use a caterer other than KSU Catering (KSU's preferred caterer), a Catering Exemption Request Form, must be completed and approved:

https://dining.kennesaw.edu/docs/catering/catering_exemption_form.pdf
<https://catering.kennesaw.edu/index.php>

7. **Furniture** - Because of the Mandatory Statewide Contracts for Furniture purchases (managed by the DOAS), all furniture items must be secured using a contracted supplier. This includes replacing damaged, broken, and/or extremely aged pieces. If the item (or similar item) is not available on one of the Mandatory Statewide Contracts, a waiver must be completed and approved by DOAS prior to processing an order with any other Supplier. In addition to the Mandatory Statewide Contracts, KSU's Surplus must be checked prior to ordering. For more information on the Furniture Suppliers on Mandatory Statewide Contracts, please contact purchasing@kennesaw.edu.
8. **Hazardous Materials** – These products may only be purchased with approval from of the Office of Environmental, Health & Safety (EHS). Types of purchases include, but are not limited to, propane tanks, helium tanks (with or without balloons), liquid air, asbestos removal, firearms, explosives, radioactive material,

herbicides, fertilizers, paints/stains, chemicals for labs, etc. EHS approval is required with the Monthly Statement Detail Report. For assistance contact EHS at ehs@kennesaw.edu or <https://ehs.kennesaw.edu/index.php>

9. **Memberships and Dues** - For individual memberships supporting Faculty and/or Staff, the Membership Form must be completed and signed by the individual requesting the membership and the Department Head. The Membership Form is located at:

<https://fiscalservices.kennesaw.edu/ap/docs/MEMBERSHIP%20FORM.pdf>

10. **Promotional Items** - These type of purchases are allowed with prior approval from Design in the Office of Strategic Communications and Marketing:

<https://styleguide.kennesaw.edu/index.php>.

The Procurement Department within the Office of Fiscal Services has secured suppliers for Promotional Items on University Contracts. An e-Verify affidavit is on file for each of these Suppliers. The Supplier information can be found under the “How Do I Buy...” section for ‘Printing & Promotional Services’ at:

https://fiscalservices.kennesaw.edu/procurement/how_do_i.php

11. **Sponsorships** - This purchase is generally not allowable as they imply donative intent. Approval is required from the Office of Fiscal Services (OFS) Compliance team. Contact compliance@kennesaw.edu for review to determine whether KSU is receiving a benefit of same kind for the “sponsorship”, as well as the approved funding source.

If approved by Compliance in the Office of Fiscal Services, approval from the Office of Strategic Communications and Marketing may also be required, as these types of commitments often involve the use of University marks, images, and logos. All sponsorships must be compatible with KSU’s Mission.

12. **Subscriptions** – Database/Internet purchases require approval from UITs via Technology Purchases Approval Form prior to processing the transaction; and UITs approval must be secured annually at a minimum.

<https://uits.kennesaw.edu/support/formspurchases.php>.

In addition to the items that require prior approval before the purchasing agent or contracting officer can initiate a purchase or contract, there are a number of restrictions and administrative requirements for the use of P-Card.

Please review the [Purchasing Card Procedures Manual](#) before advising campus customers on the use of P-Card or refer them to the P-Card Administration personnel or email – pcard@kennesaw.edu.

IX. Procurement Processes

Purchasing Agents and Contracting Officers are specialists within Fiscal Services who use their expertise to assist University personnel in the acquisition of needed goods and services for appropriate business purposes, in compliance with laws, rules, regulations, policies and procedures. Purchasing professionals develop expertise in the purchasing processes outlined below.

Analysis

When a requisition (an order for goods or services) is received, basic analysis is necessary to determine the processes and procedures to follow.

- A. Is the Purchase Really Necessary? – Assuming that there is money in the budget and that all approvals has been or will be obtained (determined by requisition processes), it is useful to determine whether the proposed purchase will, in fact, help the requester to accomplish his or her objective. It may also be useful to suggest alternatives to purchasing outside the University, if the needed goods or services are available from departments within the University.

Example 1 – Sometimes requested large equipment will not integrate or otherwise be compatible with existing infrastructure, i.e. power outlets, room space, etc. Purchasing Agents/Contracting Officers need either to know or know who to ask. In this case, we would recommend that the department consult with the Office of Facilities.

Example 2 – Some website design services are available without charge to University departments. Is the requester aware? See also, Section VII, Paragraph 2, above.

- B. Competitive Solicitation or Not? – Will the requested purchase conform to one of the exceptions listed in Section VI, above? If not, then it is likely that the purchase must be a competitive solicitation. Another element is to determine historically how much has the University, as a whole, spent on the service or product. This requires gathering data from Accounts Payable, P-Card and Procurement.

The Purchasing Agent or Contracting Officer should run a PeopleSoft spend data query (430_RS_BOR_AUDIT_AP_DETAIL) – see [Job Aid](#) to see how much has been spent in the past with *suppliers* providing the good or service. Typically, because Departments and Colleges are not checking with each other regarding **the purchases they need, be mindful**, that in the Shared Service environment where many universities' vendors are sitting in the database that a supplier may show up multiple times with different spellings or addresses. Focus on the supplier(s) spend related to this University. After gathering this data, you should follow up with the P-Card team to get spending on the good or service in Bank of America WORKS database for P-Card and combine the two numbers for total spend on the good or service. To recap, although you're looking up supplier spend, there may be more than one supplier providing the service to the university, check each one's spend data on PeopleSoft and WORKS and combine the numbers to determine total spend for the University on the good or service.

- C. Mandatory or Convenience Contracts – Some DOAS-awarded contracts are mandatory contracts, meaning that a state entity must buy the goods or services offered on such a contract, if a contract for the particular goods or services exists. With DOAS convenience contracts, Purchasing Agents need not fill an order from a state convenience contract and may issue a solicitation for the needed goods or services (see Order of Precedence). This may be more time consuming but less costly. Consultation with the department will determine the best route to take to meet the college or department's needs.
- D. RFQ or RFP? – If competitive bidding is required, will the format be a request-for-quote or a request-for-proposal? In an RFQ, the specifications are known, and it only remains for the solicitation to determine the *lowest price that meets all the requirements/specifications*. With an RFP, the university expresses a need for a service or product and ask contractors to offer solutions to a problem

or need. Proposers submit offers that demonstrate that they can provide a quality *technical solution and a fair and reasonable price*. An evaluation committee assesses the technical proposal based on set criteria and points. Once this technical review is completed, the cost proposal is reviewed and the Contracting Officer combines the technical and price points for the evaluation committee's review. RFPs allow for negotiations however only the College/University Procurement Officer (CUPO) is authorized by DOAS to negotiate with suppliers.

- E. Best and Final Offer – As part of the evaluation and selection process for a Request for Proposal (RFP) or Request for Quote (RFQ), the Contracting Officer and Evaluation Committee may decide to ask vendors to submit revised pricing through the Best and Final Offer process. Best and Final Offers (BAFO) should be requested when proposals submitted contain cost that are considered too high and/or not within the project budget estimate. (See SPD-EP020)

The Contracting Officer and Evaluation Committee decide which vendors are invited to submit best and final offers based on the scores (RFP) or pricing (RFQ). All vendors that submitted substantially responsive proposals may be invited, or the evaluation committee may decide to “short list” and invite only the top scoring offerors determined to be a likely contender for award. This decision is based on a cut-off based on a natural break in the scores between vendors or choosing the top 3, 4 or 5 offerors, as stated in the RFP.

The decision to use the BAFO process shall be reflected in the RFP template or solicitation documents. At a minimum, the information shall state that: a) BAFO will be used; b) Bidders/Offerors are not obliged to submit a BAFO; and c) There will be no Negotiation following BAFO. BAFO can only be used once in a procurement process and cannot be used in conjunction with Negotiation, each are mutually exclusive. No material changes to the RFP requirements can be made that would have impacted a vendor's decision to submit a proposal.

The Request for BAFO must provide vendors with instructions for preparing the BAFO response. Establish a deadline for submission of BAFOs. The

Contracting Officer must indicate whether BAFOs will be accepted by sealed envelope or electronic submission (fax, email, electronic upload, etc.).

The BAFO must indicate how the revised pricing will be evaluated. BAFOs are normally evaluated as an adjustment to the scores already awarded by the evaluation committee. If an offeror does not submit a BAFO, its immediate previous offer will be considered as its BAFO. Unsolicited BAFOs from offerors cannot be considered. The Contracting Officer must initiate the BAFO process.

ADVANTAGES	DISADVANTAGES
Include suppliers in competitive range and susceptible for award	Extends procurement planning timeline
Reduce purchase price. Opportunity to generate cost savings	Suppliers may not reduce price
Bidders have an opportunity to improve their cost	Only one BAFO round can be conducted
May eliminate unnecessary costs, i.e. administrative	Supplier may discover costs that should have been included but were not included initially.
May provide a service at no cost	CUPO cannot do negotiations later
Include borderline proposals if there is a probable chance of award	Potential for protest if BAFO is not communicated/outlined upfront in the solicitation process
Supplier may include additional features/ services at no additional cost to increase the value of the contract	Can have a negative connotation as low balling
May avoid any appearance of unfairness or bias by requesting BAFO	
Avoids the need for a full negotiation when the concern is limited to cost	
Will only be used to lower cost, negotiations to services, warranties, and complex pricing will be done using formal negotiations by the CUPO	

F. Fixed Quantity or Open Agency Contract? – Sometimes a contract, or a solicitation followed by an award of a contract, will be created to fill an order requesting a definite number of items. Other times, it may be useful to create a solicitation and then award a contract without a known quantity because additional items might be needed later on in the “life” of the contract, either by the department that requested the items or by other departments that will need the same item. An “open agency contract” does not guarantee the vendor that

any specific number of items will be purchased, and the agreement is actually one in which a vendor simply agrees to keep the price fixed for the term of the agreement. Per Legal Affairs recommendation, the contract amount stated on the cover page of the State-Entity (University) is “No Guaranteed Amount.” See the *GPM* for more about fixed and open contracts.

- G. Contractor or Temporary Employee? – Check with Human Resources early on to determine whether an individual whose services have been requested might more appropriately be hired as a temporary employee. See Appendix C - Independent Contractor vs. Employee Questionnaire.
- H. Sole Source? - A sole source is a non-competitive purchase or contract. It is used when only one source exists or only one single supplier can fulfill the requirements. A preference for a brand name product or a request for a proprietary product is not sufficient justification for a sole source. It is important that procurement professionals do thorough and timely market research to determine whether sole source is the appropriate procurement action.

Based on practices in 41 states, the National Association of State Procurement Officers (NASPO) has determined that the three most common sole source procurement contracts are the following:

- Systems/product maintenance (e.g., additional licenses, updates, replacement parts)
- Information technology
- Laboratory equipment

Whenever possible, we should use one of the DOAS-SPD state entity contract forms for sole sources (see Contract Types 2 – 7 above). In most instances technology companies and some other suppliers may want the university to sign their contract form. As stated previously, if the department wants to use the supplier’s contract, we should scrutinize it very carefully as the terms will most likely be more favorable to the supplier than the university. The purchasing agent or contracting officer should make note of these types of terms and cite them to the department before the contract is submitted to Contract Compliance for approval.

Note: It is permissible to post the Notice of Intent to Award (NOIA) before the university and the contractor agree to a final contract form and the final terms and conditions.

In a recent audit of Georgia sole source purchases, SPD recommended the following best practices for the sole source scenarios in order to promote consistency amongst agencies and universities:

- Sole source issued for a one-time purchase of a good or service: after the Notice of Award (NOA) is posted, the PO is created and coded as sole source. The sole source transaction ID from the GPR is noted in the PO header.
- Sole source issued for multiple purchases of goods/services for a period not to exceed one year: after the NOA is posted, the POs are created as needed and coded as sole source. The sole source transaction ID from the GPR is noted in the PO header.
- Sole source issued to create a multi-year contract for the purchase of goods/services: after the NOA is posted an agency contract is created and the sole source transaction ID now becomes the university/agency contract number. All subsequent POs from this event are coded as University/Agency Contract (AC) and the agency contract number is noted in the PO header.

Sole Source processing is covered in Section 2.3.2 of the [Georgia Procurement Manual](#). [KSU Sole Source Justification](#) form is located on the OFS – Procurement Forms webpage.

- I. Sole Brand – A sole brand solicitation has a competitive component to it. The solicitation is restricted to the manufacturer or company brand. Typically, these solicitations involve bids among authorized sellers or dealers. Again, significant market research is necessary before a determination can be made that sole brand is the best method of buying the product. Sole Brands are covered in Section 2.3.1 of the [GPM](#) and the [KSU Sole Brand](#) form is available on the Forms page of the OFS Procurement webpage.
- J. Emergency vs. Urgent Procurements – An **emergency purchase**, based on interpretation of law and policy, is typically limited to the following situations where failure to act immediately would result in:

- Prolonging risk to life, health, or safety of KSU Students, Faculty, and/or Staff
- Further and/or immediate damage to KSU/State Property
- A Major Service Disruption
- Loss of ADA accessibility
- A necessary service being threatened with Material Damage or Suspension

In such situations, departments should take care of the emergency first. If the University has a supplier under contract for the service needed, please reach out to the Department that manages the contract, i.e. Facility Services, and obtain their help in securing the suppliers services immediately.

If no supplier is under contract for the service and you are seeking help to locate reputable suppliers to address the emergency, please contact a member the [Procurement Leadership Team](#). After the call for assistance to the supplier/contractor, immediately email Procurement at purchasing@kennesaw.edu with the following information:

- A completed [Emergency Justification form](#) signed by your department head
- Any supplier(s) or contractor(s) contacted to assist with the emergency
- Anticipated expense of the emergency, especially if the cost could exceed \$25,000.

Per [State Accounting Office policy](#), purchase orders should be issued for acquisitions of \$2,500 or more where feasible. For life, health and safety emergencies, you may proceed to have the work completed without a purchase order. However, Procurement may request that you create an ePro requisition so that a purchase order can subsequently be created. OwlPay should not be used in these situations.

For **urgent** matters, especially for urgent matters less than \$25,000, “high priority” should be checked on the ePro requisition and the Item Description should start with “Urgent” on the requisition. Please note the following prerequisites for expedited creation of a purchase order.

- 1) If the supplier is not an active vendor in the University’s financial system (PeopleSoft), a completed [Supplier Registration](#) form is required before you can complete a requisition (or request an OwlPay payment).
- 2) For services costing \$2,500 or more, the [Supplier Security and Immigration Affidavit](#) or [eVerify](#) is required.

- 3) If the item or service cost \$10,000 or more, please attach three quotes. If you are not able to acquire two additional quotes for a price comparison, please indicate why in an email to purchasing@kennesaw.edu. In the same email, indicate the requisition number and circumstances causing the urgency. We recommend copying all departmental approvers and special approvers with the email request to expedite.

Urgent requests of \$24,999 or less will be processed in less than two days upon receipt of a fully approved ePro requisition.

For urgent purchases of \$25,000 or more, Procurement will expedite solicitations, to the extent possible and practicable, within the limits of law, policy, and procedure. Departments should email Purchasing with these requests – [see acquisition cycle times for purchasing services and goods](#).

If you have any questions, please write to purchasing@kennesaw.edu.

Research

Rarely will all information be available to proceed with a purchase without some preliminary research. Working closely with requesters so that aims and objectives are refined collaboratively (or at least borne in mind), a requester's specifications can be checked against similar types of goods and services advertised or otherwise specified on the Internet. There are additional resources as well:

- A. University Experts – Purchasing Agents/Contracting Officers may find it desirable to refer requesters to, or themselves call upon, University experts in the subject area of the proposed purchase. Sometimes, multiple meetings may be necessary at which the Purchasing Agent/Contracting Officer must assume a leadership role. As a matter of internal policy, IT solicitations for contracted services must have a project manager assigned from UITS who must be involved in the purchase from cradle to grave and facilitate the implementation. Contracting Officers are advised to discuss whether a project manager is needed before launching a solicitation for software that will be used by more than one department.
- B. Existing Contracts – It is permissible to consult with contacts or spokespersons available through existing contracts, particularly to determine whether a needed purchase conforms to items or services already available under contract.

C. Potential Bidders – Procurement Services discourages contact between Department end users and companies who may become bidders on a requested solicitation. The company may be disqualified if it is determined that it exerted undue influence. Similarly, if consultation with a potential bidder is essential, then Purchasing Officers should only contact them in close coordination with a supervisor.

D. Market Research – Requesters usually perform some market research before making a request. This includes information gathered by attending a conference where suppliers presented the advantages of their service or product, an internet search or reference from a colleague at this, or another, university. It is one of the primary responsibilities of the purchasing agent or contracting officer to perform further research when a new request is received. This can be a formal Request for Information (RFI) document or calls and emails to multiple sources.

In addition to “Googling”, the procurement professional should perform a search of previous university spend on this product or service, industry trends, purchases by other government agencies and private industry acquisitions of the same or similar service or goods, locally and nationally. From this market research, the procurement professional will learn:

- 1) Availability of the product or service in the market
- 2) Characteristics of the product or service
- 3) Previous purchasing experiences, pros and cons, with the product or service in the industry.

The results of market research will lead to identifying newer or substitute products or services; widening the competition level; finding out additional value to the product or service not previously identified by the requester; input for creating a better solicitation document with deliverables that will help with contract management/administration during the contract life cycle; and identifying risks in the crafting the solicitation requirements.

Some questions to consider before or during market research are:

- ✓ Who will benefit from the services the contractor will provide?
- ✓ What service is being sought (i.e., software maintenance, infrastructure modernization, public works)?
- ✓ What outcome(s) will be achieved by acquiring this service?
- ✓ Where will the service be provided?
- ✓ Why is the service being sought?
- ✓ When is the service needed?
- ✓ What impact will this timeline have on the other questions and answers in this section?
- ✓ How has this service been acquired by your office in the past, and what approaches are appropriate for the current need, past and current:
 - Commercial service/item?
 - Through an existing contract vehicle?
 - Small or large contractor?
 - Contract type?
 - Terms & Conditions?
 - Constraints (statutes, regulations, policies)?
 - How was/is this service acquired by other offices within the University?
 - Is this contract accessible to you or the requester?
 - What type of contract (firm fixed-price, etc.) was used?
 - What are the contract Terms & Conditions?
 - What is the applicability of these examples to your needs?

The purchasing agent or contracting officer should use all available internal sources in addition to external inquiries to gather answers, including current and past contract documents, university strategic plans and operational plans, spending and performance reports, enterprise architecture, interviews with program managers and management.

Budget

Obviously, an absence of money in the budget will end further consideration of a proposed purchase and such determinations are usually made through the budget check process. Purchasing Officers may need to refer requesters to the [SpeedChart Numbers](#) link of the Budget and Planning web page to initiate a requisition.

There are times when Procurement may be asked to proceed with an unfunded solicitation so that a true cost for a project is available in the event that Year End funds are available to fund project. This is an acceptable practice once resources are available and it does not negatively affect Procurement proceeding with funded projects. When doing these solicitations, Procurement should include a requirement in the solicitation that the supplier hold the price firm for 120 - 180 days, depending on how early in the fiscal year the project is issued.

Solicitation Processes

The Georgia Department of Administrative Services, through their State Purchasing Department (SPD), can be viewed as the state's regulator with regard to all purchasing activities. DOAS officials maintain competency standards and offer training and certification for these purchasing activities; they maintain the [Georgia Procurement Registry](#) where the University's solicitations are posted electronically; they manage bid disputes and protests; and they authorize or approve exceptions to purchasing processes. They also manage the State Tort Claims Fund and are a source of information for contractor insurance requirements.

- A. The Seven Stages of Procurement – DOAS has developed a framework for purchasing decisions and activities, which are reflected in their training and certification requirements. Although some materials are found at the State Purchasing Division (SPD) website, [7 Stages of Procurement](#), the page is

primarily useful for the Word document links, and a more thorough treatment of this framework is found in Chapters 1-7 of the [GPM](#).

- B. Georgia Procurement Registry – The [GPR](#) is an electronic website maintained by DOAS where solicitations are posted. Solicitations are posted for periods that depend on the estimated dollar value of the contract, and periods range from three (3) to 30 or more days.

GPM Table 3.5 Public Posting Guidelines – Competitive Solicitations	
If the Estimated Contract Value is...	Then, the Posting Period is...
Up to \$24,999.99	0 Days (No competitive bid posting is required)
\$25,000 - \$99,999.99	Minimum of Three (3) Business Days
\$100,000 - \$249,999.99	Minimum of Five (5) Business Days <i>NOTE: GA Law mandates NOIA is to be posted for all bids \$100,000 or greater.</i>
\$250,000 or more	Minimum of Fifteen (15) Calendar Days
All construction/public works contracts	Minimum of Thirty (30) Calendar Days

GPM Table 2.6 and 1.7 Posting Guidelines - Sole Sources & Consortia/Cooperative Purchases	
\$25,000 - \$249,999.99,	Minimum of five (5) business days
\$250,000 or greater	Minimum of fifteen (15) calendar days

- C. Incorporating KSU Interests – When permissible, it is important to advance the mission of the University in ways not covered by DOAS procedures. Examples:

- 1) Environmental Concerns – Purchasing Officers should seek out ways to reduce garbage and other waste, packaging materials, reduce pollution and energy costs of campus deliveries, and identify sustainable alternatives that conserve resources. Consultation with the University’s Director of Sustainability may be of use in this regard.

- 2) Timeliness and the RFP process – In the abstract, a request for proposal (RFP) is an effective method for certain types of purchases. However, as the procedures for RFPs currently exist, there is too little distinction between this process and the process for purchasing as a request for quotation. It is recommended that Purchasing Agents/Contracting Officers work carefully with supervisors to determine whether an RFP is advisable.
- 3) Local Vendors and Contractors – Occasionally, local vendors may not be aware of a new University solicitation for the types of goods or services they offer. It is permissible to contact these vendors and direct them to the DOAS website to take advantage of bidding opportunities.

Purchase Orders

After a requisition is processed and a solicitation is conducted, if needed, a purchase order is most often issued. The purchase order advises a vendor of the goods or services desired by the University, and it specifies a price the University is willing to pay for full delivery or performance of the order. Like a contract, a purchase order is a binding obligation of the University, so that if a vendor fills the order in accordance with all of its terms, then the University is obligated to pay.

- A. When a purchase order is issued, and it is not based on an existing university contract, state contract or the Supplier has an *approved* contract, then the [Purchase Order Addendum](#) is referenced in the purchase order. The terms and conditions of the [Purchase Order Addendum](#) govern the purchase.
- B. In some instances, KSU may approve the suppliers' contract (with or without modifications) as an attachment to the purchase order and the purchase order Addendum is still used. The terms in the [Purchase Order Addendum](#) typically supersedes any conflicting terms in the Supplier's contract.
- C. **Avoid using account code 753100 – Contracts on a purchase order. This account code does not provide any information as to the type of item or service being purchased.**

Accounting/Budgetary Compliance

For procurement professionals, a purchase order is the initiation of an agreement to have specific work performed for a sum of money. Once the supplier begins to perform the work, this is considered an “acceptance” of the “offer”. For budgeting and accounting professionals, a purchase order is an encumbrance. Encumbrances are funds reserved for a purchase or some other obligation. When a department creates a requisition, it is a pre-encumbrance and the funds are set aside on hold until a purchase order is created. The purchasing agent “pulls” or “sources” the requisition into a purchase order which releases the pre-encumbrance and creates a new encumbrance. This is why it’s important to use ePro as intended which is to always create purchases orders by the automated process of “sourcing” requisitions into the purchase order. If for some reason, the purchasing agent has to create the purchase order manually, it is important that the purchasing agent remembers to close the requisition. If this second step, closing the requisition does not occur the department will be charged twice for the purchase since there will be an open encumbrance/requisition and an open encumbrance/purchase order.

Remember, encumbrances are used to predict cash outflow and as a planning tool. Encumbrances are important in determining how much funds are available. The formula used to determine funds available is:

$$\text{Budget} - \text{Actual Expenditures} - \text{Encumbrances} = \text{Funds Available}$$

Per the Board of Regents Business Procedures Manual, for audit purposes, a valid encumbrance should be supported by the following information:

- Confirmed Vendor
- Specific Project/Services/Goods
- Specific Price for Project/Services/Goods
- State Time or Range of Time for Delivery/Completion

Documentation of this type should be available from appropriately executed purchase orders, contracts, etc. The presence of these conditions corresponds to the elements of an enforceable contract in that they support the concept of mutual assent, this is, the parties have agreed on the specific product or service at the given price and time.

The rules for managing prior year purchase orders issued from Funds 10xxx, Funds 11xxx, and Fund 50000: (for managing surplus).

- Purchase orders issued and encumbered in a previous fiscal year that are paid in the following fiscal year for exactly the encumbered amount have no effect on “surplus”.
- Purchase orders issued and encumbered in a previous fiscal year that are paid (as final payment with PO closed) for an amount less than the encumbered amount will contribute the difference between original encumbrance amount and payment amount to “surplus”. No journal entry or other action is required, since the “surplus” amount to be returned to the state treasury is already in the appropriate net asset account due to the previous fiscal year being closed using [Generally Accepted Accounting Principles/Governmental Accounting Standards Board] GAAP/GASB closing rules. GAAP/GASB closing rules do not expense encumbrances.
- Purchase orders issued and encumbered in a previous fiscal year that need to be paid for an amount greater than the encumbered amount should have the excess amount charged to the current budget period. The original encumbered amount may be paid against the original budget period. The excess amount should be paid against the current budget period.
- If a vendor cannot supply the item(s) ordered:
 - An institution that does not desire to reissue the purchase order to a new vendor can simply cancel the purchase order. The entire purchase order amount will become surplus.
 - Purchase orders issued and encumbered in a previous fiscal year that are cancelled in a subsequent fiscal year may be reissued to a different vendor for similar goods and services (like and kind) in an amount not to exceed the original purchase order amount. The reissued purchase order must reflect the budget period of the original purchase order. If the reissued purchase order is less than the original purchase order amount, the difference will increase “surplus”.
 - Other laws of the State of Georgia allow year-end fund balances for certain funds to be exempt from state law concerning lapsable funds. The fund

groups that are audited in accordance with State of Georgia statutory basis of accounting/Budgetary Compliance Reporting (BCR) but are exempt from lapsing due to state law are:

- - a. 14000 Departmental Sales and Services Revenues and Expenditures
 - b. 15000 Indirect Cost Recovery and Administrative Cost Allowance Revenues and Expenditures
 - c. 16000 Technology Fee Revenues and Expenditures

Other laws of the State of Georgia allow year-end fund balance in fund 10500 Tuition to be exempt from the state law concerning lapsable funds up to a threshold of 3% of current year tuition revenues.

In addition to the fund groups indicated above, another set of restricted funds are audited within the context of BCR to report expenditures in relation to approved budget values. However, these fund groups are not subject to having funds lapse. These restricted fund groups are:

- a. 20000 Restricted Educational and General
- b. 21xxx Restricted Other Organized Activities

Note: 60XXX and 61XXX are custodial funds which means that the funds are being held for another entity and is not owned by the university or state. You will rarely come across this fund type but if you have a requisition with this fund type, it should be noted on the purchase order that the funds are custodial funds being used for whichever entity is the actual fund owner.

Monitoring

Department requesters on campus and their corresponding Business Manager are responsible for reviewing departmental purchase orders on a continuous basis. The SAS® reporting system provides real-time open purchase order information for departments to review. Departments may send request for the release of purchase order encumbrances as needed to purchasing@kennesaw.edu. Before agreeing to close the purchase order, the purchasing agent must check to see if the purchase order is from a prior fiscal year or current fiscal year and the fund type. If it is a prior fiscal year purchase order, after asking the department the following questions, consult with OFS's

Senior Financial Analyst, the Associate Controller for Financial Reporting, or the Controller.

- a. Did (the department) receive all the goods/services? If not, why are they closing the purchasing order?
- b. Was the receiving complete in ePro/Peoplesoft?
- c. Is the department waiting on a final invoice?

Note: Release of prior year purchase order funds may cause a surplus. As noted above:

If a vendor cannot supply the item(s) ordered an institution that does not desire to reissue the purchase order to a new vendor can simply cancel the purchase order. The entire purchase order amount will become surplus.

OR

*Purchase orders issued and encumbered in a previous fiscal year that are cancelled in a subsequent fiscal year may **be reissued to a different vendor for similar goods and services (like and kind) in an amount not to exceed the original purchase order amount.** The reissued purchase order must reflect the budget period of the original purchase order.*

During the last quarter of the fiscal year, each department should complete an audit of all purchase orders that have been open for greater than 90 days. A written explanation, with details regarding the status of the order, is required to keep a purchase order open.

The Procurement unit (procurement managers) completes a final review of documents received to determine whether the purchase order should stay open. Several factors come into this determination including need for service, anticipated closing date of the purchase order, impact on student services and well-being, capital expenditure included in campus master plan.

- If there has been no activity on purchase orders for more than six months, the procurement manager should find out whether the product or service is still needed. If it is still needed, the department or college must provide the cause of the delay and the anticipated delivery date. All responses from the department should be kept on a spreadsheet in the format required by management.
- For purchase orders where there has been some activity in past but no recent activity, i.e. 30 days, the purchasing manager should find out when the balance of

the purchase order will be complete. All responses from the department should be kept on a spreadsheet in the format required by management.

- Purchase orders with no activity in 60 days, with balances below \$100, should be considered for closure after Accounts Payable indicates that they have no payment pending. The department is notified and has 15 days to respond before the purchase order is closed.
- Purchase orders of \$100 or more with no activity in 60 days should be brought to the attention of management after the department has responded. These items require escalation to the Director of Procurement or Assistant Director of Procurement if the department is not able to provide specific details as to when the order will be fully received, and invoices submitted to the university.
- Blanket purchase orders for state or university contracts are monitored differently as they are created in anticipation of a obligations (i.e. utilities and leases) or expenses against a contract. In June, procurement managers work with the department/college business managers to determine how many outstanding invoices are remaining for the fiscal year and adjust the blanket purchase order accordingly.

Note: Blanket purchase orders should only be used for state and university contracts and encumbrances for budgetary purposes such as leases and utilities.

X. Procure to Pay

The process from purchase to payment involves careful thought on the part of the requester and the purchasing agent. For the requester it requires:

- Knowing which type of ePro requisition to use;
- Selecting the correct commodity (National Institute of Government Purchasing – NIGP) code which pulls in the account code (accounting classification of the product or service);
- Knowing the department's or college's accounting chart string (Speedchart) of the department to charge if it's not the requesters, obtaining the required approvals; and
- Attaching appropriate supporting documentation such as a quote.

The purchasing agent must check this information for appropriateness and make corrections where necessary and notifying the department. Some changes by the purchasing agent will force the requisition to go back through the approval chain. This is not the preferable way to handle a minor administrative change once we have acknowledgement from the requester and their business manager. It is better to make the change on the purchase order instead of the requisition if changing the requisition forces another round of approvals resulting in a delay in issuing a purchase order and getting timely delivery to the department.

eProcurement

[ePro](#) is the university's electronic requisition system. The University System of Georgia (USG) purchased and customized PeopleSoft to meet the financial needs in the system. Not all modules in PeopleSoft have been activated, i.e. Contracts Management and Grants are not currently in use.

Automatic Link to PeopleSoft – KSU [GeorgiaFIRST Marketplace](#) interfaces with PeopleSoft so that many manual operations stem are eliminated.

Roles – Users of [ePro](#) are distinguished by the roles assigned to them. These roles include:

- *Requestors* – Requestors may order goods and services off existing contracts or make a special order request on the eProcurement system, which includes the [GeorgiaFIRST Marketplace](#). Training is strongly recommended for requestors. Similar to Approvers, online training is available. Training dates are posted on the [Fiscal Services webpage](#) or send an email to purchasing@kennesaw.edu.
- *Approvers* – Approvers are necessary to assure that each purchase meets departmental approval and approval of other interests of the University, i.e. technology policies, health and safety concerns, etc. Under this system, Contract Compliance approval is still a separate process and the end user must submit the contract to Contract Compliance or a Purchasing Agent, should the end user fail to do so. Training on this system is recommended for new Approvers.
- *ePro Administrator* – The ePro Administrator (a Procurement Services employee) monitors requests made in the system and assures that necessary approvals are received. The ePro Administrator is required to undergo the training

recommended for shoppers, requestors and approvers (required for Purchasing Officers as well).

Note: Instructions for using ePro are available on the Fiscal Services/Procurement website at <https://fiscalservices.kennesaw.edu/procurement/faqs.php>

Goods and Services under Contract – End users may purchase off statewide contracts without going through Procurement Services. End-users specify the needed goods or services, and approvals are automatically created. A purchase order is issued without the need for a Purchasing Agent to transfer information from the requisition to the purchase order format.

Special Requests – “Special Requests” are orders requested by end users that can be filled from existing contracts or not. For existing statewide or university contract, a quote should be attached to the requisition to specify what is being ordered from the contract, if the contract consists of multiple products and/or services. If a statewide or university contract is not an option, specifications and other information are developed and the Purchasing Officer conducts a solicitation (if necessary).

Competitive Solicitations – A competitive solicitation may be required when a shopper or requestor requests goods or services not contained in any existing contracts. This could be a one-time purchase or a new university contract. Determining whether it’s a one-time purchase or an ongoing need is based on the department’s request or a review of prior department and university spend data for the product or service, If it is a one-time purchase that will result in a purchase order only and no renewal options, then a purchasing agent processes the action. If the product or service will be an ongoing need then a contracting officer in Strategic Sourcing will coordinate a “sourcing team” which may include stakeholders from the requesting department or multiple user departments and a fiscal office representative.

After first determining whether a competitive solicitation is required (\$25,000 threshold met, no exception is applicable, etc.), the Contracting Officer:

- ✓ conducts the solicitation;
- ✓ awards the contract;
- ✓ advises the department to approve or update changes to the requisition on the ePro System, based on the award information;

- ✓ facilitates contract execution

Once the contract is signed by the supplier, the Purchasing Agent creates the purchase order and submits the contract and purchase order to the authorized signatory for execution of the contract to the winning supplier(s).

Note: In the last quarter of the fiscal year, in order to give the contractor sufficient time to perform the contract, the contract term may extend beyond the existing fiscal year to the end of the next fiscal year, i.e. April 1, 2020 – June 30, 2021.

Identify the Recipient or Project Manager – Unless the Purchasing Agent intends to be the recipient of goods delivered or project for services performed, the identity of the recipient or project manager, his or her telephone number, etc., should appear on the face of the purchase order. It is important that the Purchasing Officer discuss with the recipient or project manager their respective roles and responsibilities, particularly if services are to be performed on campus. See Section XII - Contract Management Responsibilities.

Signature – The University has a Contract and Signatory Approval Policy that assigns authority to sign contracts, agreements and purchase order. This document is included in the Policy Portal and on the Fiscal Services - Contract Compliance webpage at: https://policy.kennesaw.edu/sites/web.kennesaw.edu.policy/files/contract_approval_and_signature_authority_policy_20190118.pdf

1. **Supporting Documentation** – For review purposes (and also for filing purposes), purchase orders must be supported by complete documentation kept in chronological order, as follows:
 - ✓ Completed eSource/RFP/SS Checklist Form;
 - ✓ Bid Tabulation;
 - ✓ Reference Form or Current Contractor Assessment Report (CAR);
 - ✓ Notice of Award/Notice of Intent to Award;
 - ✓ Purchase Order;
 - ✓ Contract (or quote) with Insurance Certificate(s);
 - ✓ Project Milestones;
 - ✓ eSource or GPR solicitation documents;
 - ✓ Bids Received;
 - ✓ Pre-bid Sign-in Sheets and Notes;
 - ✓ Communications (Such as Emails)

- ✓ Copy of Requisition.

More on Documentation – See XII - Life-Cycle Processes, below.

OwlPay

The OwlPay System is an electronic payment approval system that is used for non-Purchase Order related payments. For invoices resulting from services or products received through the purchase order process, an OwlPay request is not necessary. OwlPay payment requests follow the same approval chain as ePro to ensure proper authorization is received for a payment. With this system, end users request that a check be issued to pay for services rendered or reimbursement for other expenses. See also Appendix B – SAO Purchase Order Policy.

[Job Aids](#) for OwlPay are available on the Fiscal Services-Accounts Payable webpage.

Assets

An asset is a non-consumable, tangible item greater than or equal to \$3,000, with a useful life of more than three years. When an asset is received, the receiving department must “receive” the asset in PeopleSoft so that the vendor will be paid. Assets are recorded and tagged for inventory and accounting purposes, by end-users, in collaboration with the Asset Management unit in Fiscal Services

- Receiving – Receiving in PeopleSoft is distinct from actual, physical receipt of the item. [Job aids](#) to receive assets and other items in PeopleSoft ePro are available on the Fiscal Services – Procurement website under FAQs, Job Aids, and How Do I Buy. *Purchasing Officers do not receive items procured as this presents a conflict/internal control issue.*

Physical receipt of products involves the following:

- a. Confirming delivery address
- b. Checking package for visible damage
- c. Asking carrier to note visible damage on the freight/delivery slip

- d. Sign delivery paperwork, noting visible damage
 - e. Match packing slip and contents
 - f. Notifying the vendor of discrepancies, with copy to Procurement Services.
- Recording and Tagging – Some recording and tagging is performed on tangible items that are not technically “assets.” Computers and audiovisual equipment are examples.
 - Small Value Assets – The Financial Reporting in Fiscal Services unit makes a distinction between assets having a value of \$3,000 or more (a small value asset) and other assets (with a value of \$5,000 or more).

Contracts

Purchasing Officers are expected to acquire a basic competence in contract matters, but may rely on the Office of Legal Affairs to assist with issues as they arise. All University purchasing involves contracts; it is the basic piece of documentation that is required by auditors.

- A. Purchase Orders – Purchase orders are a type of contract in that they contain an offer to buy and a promise to pay. They are different in the manner by which a vendor would accept the University’s offer. See Contract Principles, Item No. 4 below. See Appendix B – SAO Purchase Order Policy.
- B. University Purchasing Card – It is sometimes said that a P-Card is a method of payment, not a method of purchasing. Nevertheless, a number of ancillary contracts involving a number of parties supports P-Card use: a bank and the University, the end user and the University, a bank and the participating vendor; and often, the University and the vendor. P-Card statements and supporting documents are an important part of the documentation Procurement Services keeps on file for auditors.
- C. Contract Principles – Simply put, a contract is an exchange of promises (e.g., “I promise to mow your lawn if you pay me” and “I promise to pay you if you mow my lawn”). A contract involves a “meeting of the minds” on all

essential terms (“I promise to mow your lawn today with my mower if you pay me \$10 no later than tomorrow, in cash,” etc.). Usually, one party makes an offer, and another party accepts. Elements of a contract include:

- 1) **Consideration** – The promises that are exchanged must have some value; otherwise, it is not a contract but (perhaps) a gift. Since a contract is an exchange of promises, each promise is given “for consideration” of the promise received.
- 2) **Meeting of Minds (Mutuality of Obligation)** – The parties must be in actual agreement as to essential terms such as how much. When? Who does what? Where does the “exchange” take place? The number and types of essential terms will vary, depending on the circumstances.
- 3) **Offer and Acceptance** – Usually, to bind a party to an agreement, the acceptance must be made in the same manner that the offer is made. If an offer is made in writing, then the acceptance should be in writing. However, an offering party can specify the manner by which acceptance is to be made. For example, with a purchase order, an offer is made to purchase goods or services, and a vendor accepts by performing (and not by promising to perform later). Generally, written contracts state promises to be performed by each party sometime in the future.
- 4) **Form** - Important contracts are made in writing, including all modifications, amendments and addenda. All University contracts are important contracts.

Note: Generally, the following types of contracts need to be executed in writing [in order to be enforceable](#).

- Real estate sales;
- Agreements to pay someone else's debts;
- Contracts that take longer than one year to complete;
- Real estate leases for longer than one year;
- Contracts for over a certain amount of money (depending on the state);
- Contracts that will last longer than the life of the party performing the contract; and

- A transfer of property at the death of the party performing the contract.

5) **Competency and Capacity** - Signatories have complete legal authority and ability to be held liable for the duties he or she agrees to undertake, unless the person is a minor, mentally incapacitated, or intoxicated.

Role of Procurement – All university contracts must be reviewed by the Contract Compliance office with a few, specific exceptions - see Appendix C.

Contract Compliance forwards contracts for purchases of \$2,500 or more to Procurement for review and approval. The Contract Compliance office is under the auspices of the Office of Fiscal Services however; Fiscal Services and Legal Affairs jointly create the rules for the office. Additionally, end users must comply with other rules and policies of the University-[Policy Portal](#).

Unfavorable Terms and Conditions – The Attorney General’s Office advises all state agencies (including the University) to avoid signing agreements that have certain terms and conditions, or fail to contain others. These include:

- Indemnity Clauses – These clauses are sometimes called “hold harmless” clauses and they may require the University to reimburse a vendor for harm that occurs because of the vendor’s own actions.
- Choice of Law and Venue – Some contracts would have the University bring suit for unsatisfactory performance in another state or in accordance with another state’s interpretation of laws. Such contracts are to be avoided.
- Limit on Future Purchases – State agencies (including the University) are not permitted to commit the state to payments that would extend further than the current appropriation year (only the Legislature may do so). Accordingly, all contracts must expire within the year they are made, and can be extended for limited periods (four annual periods) only by affirmative action of the University (usually, in the form of a renewal documents, agreeing to continue a contract for an additional one-year term). In a few cases, such as dining services, the State (DOAS) may approve a multi-year contract.

- A letter prepared by our Office of Legal Affairs may be forwarded to vendors who insist on using their form of agreement, rather than the University's own form. The letter advises the supplier of terms that the university considers prohibitive and is located on the Fiscal Services/Contract Compliance/Resources webpage labeled [“Letters to Contractors/Vendors regarding Legal Issues related to KSU contracts”](#).

Scope of Work

Many contracts (including the University's own) have boilerplate language and a few blank spaces for things such as the date and the contract dollar amount. One of the important blank spaces is a place to describe the goods and – especially – the services to be provided by the contractor. For services, deliverables with related milestones should be included in the scope of work. Much thought should be given to these descriptions and, usually, the Office of Legal Affairs should be asked for input.

- A. Independent Contractor – In drafting a scope of work, the drafter should use care to focus on the results that are desired, being careful not to dwell on the means and manner of accomplishing tasks. If an end user desires to exercise great control over the means and manner of performance, perhaps the end user should consider a temporary employee relationship. – See Appendix D - Independent Contractor vs. Employee Checklist
- B. Vendor's Suggested Scope – A vendor may offer to draft the scope of work/services to be provided by him or her, but such offers should be viewed with caution. The resulting scope of work may favor the vendor's interests at the sake of the University's interests. For example, the vendor may not provide a deadline for the completion of all work.
- C. Timetable – For work of any duration, a timetable should be created. Payments should be contingent on accomplishing phases or milestones.
- D. Periodic Reports – Sometimes, work will actually be performed, but a vendor can only demonstrate this with difficulty (e.g., software consulting). It is important for state agencies to be able to show something tangible for money paid. Therefore, the scope of work should (when feasible) require

that a report be prepared and submitted with the invoice, or that periodic reports be created as a condition of payment for a phase of work performed.

- E. Trouble-shooting – In drafting a scope of work, it is important to visualize what may go wrong at each phase of performance, and create scenarios for their resolution. (e.g., what should happen if a building contract digs up earth and cuts power lines or reaches solid rock? What is the contractor’s responsibility?)

KSU v. Non-KSU Contracts

Because many vendors have their own contracts which contain terms and conditions that are unfavorable to the University’s interests, Purchasing Agents and Contracting Officers (as well as any other University employee who attempts to purchase goods or services with a contract form) should use the University or DOAS’ contract forms whenever possible.

- Policy – As a matter of University [policy](#), contracts must be reviewed and approved through the University’s Contract Compliance process. Use of pre-approved KSU templates or DOAS contract forms, without modifications, does not require prior approval by Contract Compliance, since they were the original drafters or approvers of these forms.
- Contract Review – There is a [Contract Submission Form](#) that the end user should be asked to complete for submission to Contract Compliance office.

Note: At times, the university may have to use the Supplier’s terms and conditions, sometimes with modifications. This is especially true of software and subscription contracts. In these instances, Legal Affairs may advise that we also use the [Purchase Order Addendum](#) or the State Entity Contract and both should indicate that those terms supersede that of the supplier’s. There are situations where a vendor will request adding their terms and conditions to a KSU standard contract, such as the State Entity Contract. Assuming this is acceptable to initiating department (or the RFP committee, if applicable), the request submitted to the Contract Compliance office for review should include all applicable terms and conditions (not just the vendor’s terms), *including the comments or modifications made by the initiating department or the RFP committee.*

XI. Contract Forms

Contract forms may be posted with other solicitation documents on the [Georgia Procurement Registry](#) website. A contract is a written document between two or more parties describing the terms and conditions for the acquisition of goods or services to be provided and the manner of payment for them. The University generates a number of different types of contract forms for different type of purchasing situations.

No Guaranteed Amount – This term is used on the Kennesaw State University Standard Contract Form to signify that the contract has an indefinite quantity amount. At KSU, we commonly call this an open contract where we will be issuing purchase orders as needed during the contract term.

- The “No Guaranteed Amount” term should be used in the following categories on the form - Maximum Amount of this Contract and Total Financial Obligation of the Kennesaw State University contract for each Renewal Period if Renewed. Total Financial Obligation of the Kennesaw State University contract for the First Fiscal Year should be an amount equal to the amount on the Notice of Intent to Award and the Notice of Award
 - For open, agency contracts, the amount posted on the NOIA and NOA should be based on the previous spend data marked up by at least 50 percent, and never less than \$100,000, since analysis of spend is not a flawless process. We do not always capture the full spend on a service or commodity because some purchases may be omitted due to coding issues on P-Card and PeopleSoft. Also, with the continuing growth at the university, it is better to over-estimate than underestimating. A gross underestimation may require reposting the solicitation or best-case scenario, an amendment to the contract.
 - Fixed, one-time, open market purchases, NOA and the contract should state the amount quoted by the offeror/supplier in response to the RFQ or the supplier’s quote.
1. [Purchase Order Addendum](#) – Use this terms and conditions sheet (and on a purchase order, state: “This purchase order is issued subject to the terms and conditions attached hereto and incorporated by this reference herein”) for purchase orders issued without a solicitation. Although primarily intended for goods, it may also be used for the purchase of services.

2. [eSource Contract Documents](#) - Applicable to all solicitations posted within eSource, DOAS State Purchasing Division electronic RFQ system.
3. [Goods and Ancillary Services - Fixed Quantity](#) – Use this contract form when purchasing a fixed (or specific quantity) of goods.
4. [Goods and Ancillary Services - Open Quantity](#) – Use this form when the requesting department wants to be able to buy additional quantities throughout the year from the supplier.
5. [Equipment Rental/Lease](#) – Use this form for soliciting bids for the lease or rental of equipment.
6. [Services](#) – Use this form to contract for solicited services
7. [Software](#) – Use this form for the solicitation of software purchases.
8. **Construction Contracts** – If your project involves furnishing materials *and* their installation, then BOR rules apply, not DOAS rules. The Board of Regents has developed its own set of contract documents for public works/construction projects. The following resources should be reviewed before proceeding with construction or public works projects.

- Board of Regents- Office of Real Estate and Facilities [Contract Documents](#).
- Material in BOR – Office of Real Estate and Facilities/ Resources – [Level of Delegated Authority](#) to verify KSU’s delegated authority for procuring construction projects and licensed consultants.
- [Bid, Advertisement and Bond Requirements](#) pertaining to public works procedures

Board of Regents contracts are **one-time-only contracts** and do not permit annually renewable contracts with contractors. Informal advice from BOR suggests that we should use the Services Contract (above), noting renewal options on the face page, plus the Construction Supplement as an attachment to the Services Contract.

9. **Lecturer Agreements** – Lecturers are exempt from competitive bidding requirements. The Lecture Agreement [form](#) permit end users to contract with

lecturers. Ordinarily, these agreements would not originate with Procurement, and end users would request a payment of Accounts Payable upon completion of the lecturer's performance. However, [State Accounting Office \(SAO\) Purchase Order Policy](#) requires a purchase order for services of \$2,500 or more in order to capture [eVerify](#) information. For lecturers not represented by an agency this simply means getting a copy of their driver's license as they have zero employees. If we are contracting with an agency (speakers bureau) for one of their speakers, and the cost is \$2,500 or above, then the e-Verify form will need to be completed.

Note: Lecturers do not present a high risk to the university in terms health and safety, which is why waiving insurance and an insurance certificate, is acceptable. Please check with your supervisor or manager regarding insurance when a lecturer will be not be simply speaking but may be demonstrating or using equipment or a gadget, etc. When in doubt, escalate to your manager.

10. **Performer Agreements** – These agreement [forms](#) permit end users to contract with performers (rock bands, actors, etc.). Agreements with performers are *not exempt* from competitive bidding requirements, and if the \$25,000 threshold is met, the Director of Procurement requests, as a matter of internal policy, that the end user prepare a sole source justification [form](#). E-Verify and a purchase order is also required for these services when they are \$2,500 or more – see, [State Accounting Office \(SAO\) Purchase Order Policy](#).

11. **Contracting with Employees of Other USG Units** – Sometimes a professor at another University System of Georgia institution will be invited to lecture on his or her specialty or perform other work related to their expertise. This activity requires the sign off by the presidents of both institutions on a [Dual Appointment Agreement](#) that can be found on Human Resources website.

XII. Contract Management Responsibilities

Frequently, Purchasing Officers are required to assemble contract documents, particularly in competitive bidding situations. There are procedures to follow and rules to remember.

1. **Be familiar with University Contract Documents** – Focus especially on rights to withhold payment and terminate the agreement.

2. **Careful review of suppliers' bids, proposals and quotes** – Sometimes a proposal, bid or quote will contain unfavorable terms or terms that contradict our own. It will be necessary to identify all such terms and require of the bidder that such terms be removed from the final bid documents that, combined with University documents, comprise the contract with the vendor or contractor.
3. **Department of Revenue** – Clearance from the State of Georgia Department of Revenue is required for contracts equal to or exceeding \$100,000.
4. **Insurance Guidelines** – University contracts require that vendors and other contractors compensate the University for any harm that they cause. Nevertheless, such promises are worthless if they are without the funds to make good on their promises. Requiring that vendors and contractors carry insurance (and sometimes surety bonds) assures that funds will be there if harm occurs.

DOAS Guidelines – DOAS has issued and periodically updates the [Insurance and Bonding Guidelines](#) electronic booklet. These guidelines offer minimum requirements for contractors and vendors who provide services to the University. The requirements specified in the booklet should be adhered to and incorporated into solicitation documents (and contract documents, where there is no solicitation). Exceptions to DOAS Guidelines require consultation with your manager, Risk Management and Legal Affairs. Before increasing insurance requirements above DOAS guidelines, consider the following:

- **Assurances in the Case of Goods** – Generally, goods are sold with express or implied (implied by operation of law) warranties which are typically deemed sufficient to protect the University and the State from harm which may arise from defects.
- **Major Companies, Commercial Delivery** – If the goods are sourced from a major corporation (with concern for their reputation), and if the goods are simply delivered by commercial carrier (FedEx, UPS, etc.), then the imposition of additional assurances in the form of insurance is perhaps unnecessary.
- **New or Small Companies, Company Delivery and Installation** – On the other hand, new or small companies, companies that deliver potentially dangerous goods, or contracts that require a level of service such as installation in addition to the delivery of goods (e.g., our contract for “goods and ancillary services”), may require the imposition of additional insurance requirements.

- Exposure to Risk – The [Insurance and Bonding Guidelines](#) offers discussion on the fundamentals of insurance, and perhaps the most important concept is “exposure.” The need for insurance does not depend on the contract amount, rather the exposure to risk. Consider the following:
 - Low Cost, High Risk – A plumber may be called out on a \$200 leaking faucet job, but her welding torch might set fire to insulation behind the wall, creating the risk of destruction of property and even the loss of lives.
 - Low Cost, Low Risk – A professor may engage a secretary to perform typing services off-campus. Although the secretary may be required to deliver the typed manuscripts to a campus location, his/her auto insurance is likely adequate to cover accidents which may occur.
 - Few Bright Lines, Professional Judgment Needed – Purchasing Officers are urged to adhere to guidelines offered in the DOAS booklet, and should bear in mind that the guidelines are just that “guidelines.” The university can exercise discretion. In the event of any uncertainty, then, both the University’s Risk Manager and the Office of Legal Affairs should be consulted.

- Bonds Are Contract Assurance Devices – Bonds guarantee that a contract will be carried out, or that the University will be compensated for a failure to sign the contract, if awarded; or that, in certain circumstances, subcontractors will be paid (public works contracts valued at \$100,000 or more), for example. Again, questions should be directed to both the University’s Risk Manager and the Office of Legal Affairs. Requirements for Bonds or Letters of Credit can be found at Section 4.5.8 of the [GPM](#).

- The Certificate of Insurance – Contractors and suppliers provide proof of [insurance](#) on an insurance certificate, and these must be provided prior to allowing them to commence work under their contracts. Typically, such certificates are provided on a standard, “Accord” form, but other forms in a standard format are acceptable. Beware of non-standard forms, and send a copy of all such forms to the University’s Risk Manager before work commences. Note

that the purchasing officer should always forward a copy of the insurance certificate to the Risk Manager for their files.

- State Tort Claims Trust Fund – The State of Georgia is largely self-insured against claims brought against it (although the State does maintain excess and umbrella coverage above its self-insurance amount). Some, but not all of our contracts require that contractors and vendors reimburse the fund for any losses incurred by the State. It is not important to insert language into a contract protecting the Fund, but it is important to protect the Fund from any contractor or supplier attempting (through contract language) to be released from such obligations. See, O.C.G.A. [§ 50-21-33](#) (2011), et seq.
5. **Vendor Registration** – In order for a vendor to be paid, the vendor must be entered into our system, which requires a [Vendor Registration Form](#). There are tax consequences for the University and the supplier if taxes are not withheld in appropriate circumstances. The form establishes the proper relationship between the University and the supplier.
6. **eVerify** - a web-based system that allows enrolled employers to confirm the eligibility of their employees to work in the United States. A few facts about eVerify :
- a) The final phase of the [Georgia E-Verify law](#) requires that private employers who have 10 or more employees (as of January 1, 2013) must start using the federal E-Verify system for new hires as of July 1, 2013.
 - b) The final phase of this law expanded the E-Verify requirement to thousands of small businesses that are contracted to perform labor or services in excess of \$2,499.99, ranging from public construction to information technology and accounting services.
 - c) History of E-Verify in Georgia:

When the Georgia E-Verify law (HB 87) was passed into law in 2011, it set the effective dates for Georgia employers to use E-Verify in three phases:
 - **January 1, 2012:** Effective for employers with 500 or more employees.

- **July 1, 2012:** Effective for employers with 100 or more, but fewer than 500, employees.
- **July 1, 2013:** Effective for employers with more than 10, but fewer than 100, employees.

Georgia employers are advised to be fully compliant with I-9, E-Verify and associated practices. This includes KSU and other USG institutions. KSU's eVerify compliance is managed by the Human Resource office. If requested, KSU eVerify number is available from that office.

7. **Who Signs First?** – The vendor or contractor should be required to sign the contract documents before the contract is signed by an authorized signatory of the University. Hard copies or Docusign may be used for contract signing, If hard copies are being used, at least two original copies should be signed. This procedure prevents an unscrupulous contractor from altering the contract language with handwritten “interlineations.” On occasion exceptions are made to this requirement; consult with your manager for permission to make an exception.

XIII. Life-Cycle Processes

The job is far from over when a contract is awarded and a purchase order is issued. Purchasing Agents/Contracting Officers have responsibilities for purchases until the file is closed and even continuing thereafter.

1. **Documentation** – Fiscal Services is required by Board of Regents policy to keep most purchase-related documents for seven years. For complete retention policies, see [USG Records Retention Schedule](#). State auditors require access to them, and Open Record Act requests will be filed occasionally by members of the public, which will require production of records for copying.
 - A. **File Types** – In addition to miscellaneous files a Purchasing Agent/Contracting Officer may wish to create and maintain at his or her workstation, the two principle types of files maintained in file cabinets throughout the office are open-contract files and fixed-purchase files.
 - **Open-Contract Files** – A file folder is created to contain materials pertaining to a contract that is still “open,” that is, still has obligations to be

performed by the parties. Materials contained in these files are essentially those listed at Section X Paragraph.4 – Supporting Documentation and Section XI – Contract Types. The folders are filed alphabetically.

These files are supplemented with additional communications (such as emails from the vendor or end user), renewal forms, and any amendment or addenda documents.

- Fixed-Purchase Files – These files are sometimes also referred to as open market, spot purchase or purchase order files. Records pertaining to “one-time” purchases are also some of the materials listed at Section XI, Paragraph – Supporting Documentation, and are stapled and filed by purchase order number. No file cover is used.

B. Open Records - Production of Documents – Documents that Purchasing Officers create are public records, subject to inspection by auditors for the state (acting on behalf of taxpayers), members of the public under the Georgia Open Records Act, attorneys pursuing a legal action, and of course, employees of the University, who may need to refer to provisions in the documents. Production should be made a high priority, both in terms of timeliness and in terms of thoroughness.

- All requests for university documents, including Open Records requests and requests for the Production of Documents should be immediately forwarded to Legal Affairs (asklegal@kennesaw.edu) for handling. Legal Affairs is the department responsible for collecting documents that are responsive to Open Records requests, and providing those documents (if any) to the requesting party. For additional information, please visit:
https://legal.kennesaw.edu/open_records_requests.php
- Timeliness – As a matter of internal policy, Purchasing Officers must respond to auditor requests within 24 hours (offering an explanation within this period, if there must be a delay). Open Records Act requests and attorney litigation requests require immediate notification of Legal Affairs, both by email and follow-up telephone calls for specific instructions. If a Purchasing Officer expects to be away from the office

for a day or more, it is important to set the email auto-reply preference to indicate absence duration.

- Thoroughness – Every document that reasonably is responsive to a request must be produced, and no document must ever be destroyed if subject to a request, even if a retention guideline states otherwise. In addition, key word searches should be conducted in email to collect additional, responsive documents. Document requests are a distraction from other tasks, but they require top priority.

2. **Contract Management** – When a purchase order is issued, Purchasing Agent/Contracting Officers retain some duties and responsibilities for contract management, and perhaps the most important of these is communicating with a project manager (or recipient, in the case of the receipt of goods) what those duties and responsibilities are:

- Invoice Approval – Instruct end users that they are not to approve any invoice, if the services under the contract (or receipt of items) have been unsatisfactory in a material way. Instead, and this is important, the end user should contact the Purchasing Agent/Contracting Officer by email and by telephone of problems with the delivery of goods or services.
- Deficiency Letter – In most cases, a deficiency letter should be drafted and forwarded by the Purchasing Agent/Contracting Officer to the supplier or contractor, with a copy to the end user. For ongoing services or open contracts, a “cure” letter or corrective action plan should be requested and approved by the end-user and Director of Procurement.
- Immediate Termination – There may be instances when a contract must be terminated immediately, as when the contractor’s actions pose a serious threat to health or safety. Instances requiring immediate termination are rare, and a Contracting Officer may need to mediate between the end user and the contractor to get the contract “back on track.”
- Liquidated Damages – These contract provisions permit the University to deduct a predetermined amount when harm done by a contractor is difficult to ascertain. The Office of Legal Affairs (or the Procurement

Director) should only draft them as part of the original contract documents. They should never be invoked or resorted to, unless a deficiency letter is issued in writing for a first instance of poor performance.

- Contractor “Check-In” – The end user should be advised that contractors who intend to provide services on campus should initially be directed to the end-user department and Campus Services for instructions on such matters as campus parking, working after hours, conduct and behavior, etc. This “check-in” procedure is required in some University contract forms, but not all (such as lecturer and performer agreements). In the event the “check-in” procedure is not required by contract, a project manager may assume this responsibility, although it should not be recommended.
- Long-term Visitor – If services of a vendor or contractor are expected to be longer than one week, then the project manager is required to “sponsor” each individual who will be performing the services. The project manager should obtain a completed [Registered Visitor Form](#) for each individual who will be performing services on campus and submit it to Card Services. Depending on each individual’s needs:
 - 1) Parking Tag – A parking tag will be issued.
 - 2) ID Badge – An ID badge will be issued.
 - 3) Background Check – Human Resources will conduct a background check.
- Drug-Free Workplace – Note that under the University’s contracts, subcontractors are required to maintain a drug free work environment during the performance of the contract. The contractor should also have subcontractors certify that they agree to this requirement.
- Disputes – Procurement professionals are expected to assume a leadership role in resolving disputes between a supplier and the University. While the Office of Legal Affairs and the Procurement Director should be notified immediately, Contracting

Officers/Purchasing Agents are looked to as an authority on the facts of a case.

- Control Facts – Accordingly, Purchasing Agents and Contracting Officers should conduct a complete review of all file documents, with special attention to contract provisions both favorable and unfavorable to the University’s interests. However, it is recommended that no report of the review be written unless requested by University’s counsel (and in accordance with any instructions related to confidentiality).
 - Be a Listener – Unless a disputing party is represented by an attorney, a Purchasing Agent/Contracting Officer may contact a supplier to clarify the University’s understanding of issues. It is appropriate to refer a supplier to contract language that supports the University’s position, but do not argue with a supplier or debate the meaning of language in a document. **In no circumstances should a Purchasing Agent or Contracting Officer discuss issues with an attorney for the vendor.**
 - Authority – Purchasing Officers do not have authority to commit the financial (or other) resources of the University to settle a dispute. Only Legal Affairs or Senior Management should make offers of settlement involving such resources, unless expressly authorized by the Director of Procurement (*in writing*).
3. **Renewals** – With few exceptions, University contracts expire not later than the end of the fiscal year in which they were created (the University’s fiscal year commences July 1 and expires June 30 of each year). See Section 3.6.2., *GPM*, for basic provisions, including the exception for leases and lease purchases. See also Section 7.6.2., *GPM*, Contract Renewals, for systematic procedures for renewing contracts.
1. **KSU Forms** – Procurement uses a standard letter to inquire whether a contractor is willing to continue under the terms of the expiring agreement for a further contract term. The form letter is located on

the I Drive in the FIN_OPC folder. The contractor must sign and return the form in order for the contract to remain effective.

2. SPD (DOAS) Forms – See references to the *GPM*, above.
3. Additional Exception – Another exception to the annual renewal procedures is the instance of a budget allocation that provides for more than a single term of an agreement. Such occurrences are rare.
4. **Closing the File** – When all parties have performed all promises, when there are no remaining duties by suppliers or contractors, and when the University has made all payments required, then the purchase order or contract may be closed. A checklist of contract closeout matters is set out at Section 7.8 Step 7 of the *GPM*.

The Purchasing Agent/ Contracting Officer is responsible for purchase order/contract closeout and must:

- Determine whether all payments to the supplier have been made.
- Determine whether all administrative actions have been completed,
- Ensure that all issues have been resolved, and
- Ensure that the official contract file contains all necessary documentation.

In addition, the Purchasing Agent/Contracting Officer must:

- Determine whether all deliverables, including reports, have been delivered and accepted,
- Determine whether all state entity property, if any, has been returned,
- File a supplier performance evaluation.

Storage – Closed files should be maintained in the office for a period of a year, and thereafter may be shipped to off-site storage. In an effort to reduce paper and printing in the office, an effort is being made to create an online storage system.

Subcontractors – In the event that a vendor or contractor employs one or more subcontractors, for the performance of its obligations on construction and public works contracts, with a value of \$100,000 or more, then the Purchasing Officer should obtain a release certificate from each subcontractor. The release certifies

that the subcontractor has been paid – prior to any final payment to the contractor. The form of certificate is contained in the particular contract document prescribed by the Board of Regents in their [Building Project Procedures Manual](#), and found in their [Contract Documents](#).

5. **Year End** – The weeks prior to the end of the fiscal year, June 30, are a busy period for Purchasing Agents and Contracting Officers (and vacation time should not be scheduled between June 1 and July 15). Fiscal Services prepares to close the books on the current fiscal year, while end users, primarily UITS and Facilities, plan for and execute requisitions for the new fiscal year as well as prepare a wish list for goods and services for remaining dollars in the current year’s budget.
 - A. **New Fiscal Year Purchases** – End users are expected to create requisitions for the new year with the purchase amount once the new budget year has been opened in PeopleSoft Financials. This generally occurs in the first week of the new fiscal year. If an end-user needs a purchase order prior to the opening of the budget period, a Notice to Proceed may be issued to the vendor with the authorization of the Procurement Director.
 - B. **Year-End – One Time Funding Priorities** – At the end of the fiscal year, departments will create requisitions for purchases they need, should funds remain available or unencumbered. After reviewing the back-up documentation, i.e., a quote, and ensuring that the items and pricing are consistent with any existing contract, process the purchase orders but do not send them to the vendors until you receive approval from the Assistant Vice President for Fiscal Services.

XIV. Payment Processes

When the goods have been delivered or services have been rendered, the vendor should be paid promptly (unless there is a deficiency of some kind). Some payment processes have been mentioned in the foregoing, while others must be mentioned here.

- A. **Assets and Receiving** – Asset purchases and receiving have been discussed above. However, it bears repeating that the end user must enter the PeopleSoft Purchasing module and acknowledge the receipt of an asset in order for

Accounts Payable to process payment. For non-assets purchased through the ePro requisition system, receiving is required in ePro before the invoice can be paid.

- B. Payment Requests** – Requesting payments is discussed above. Ordinarily, suppliers submit invoices to vendors@kennesaw.edu and Accounts Payable processes the payment, without involvement of Procurement Services. Sometimes a Purchasing Officer must become involved to clarify pricing in the contract versus the invoice.

An additional note on invoices may be helpful here. End users in receipt of an invoice related to a purchase should not create a new requisition unless there is insufficient funds on the purchase order. Invoices are either approved or disapproved by the end user and then forwarded to Accounts Payable for processing. If the invoice is not related to an existing purchase order, then an OwlPay request should be submitted.

- C. P-Card** – The University has an agreement with a major bank to issue P-Cards to University employees upon approval of an employee’s application and upon satisfactory completion of P-Card training. Purchasing Agents may be requested to obtain a P-Card to assist with frequently made purchases. The P-Card program was created by DOAS to assist with paying for small purchases.

- 1) DOAS Policy – Review P-Card policy [here](#).
- 2) KSU Policy – Review KSU P-Card policy [here](#).
- 3) KSU Procedures – Review KSU P-Card procedures [here](#).

- D. Deposits** – Some vendors, particularly lecturers and performers, request that a deposit be made to reserve their services for a particular date. The University discourages the payment of deposits, as it is difficult to recover money paid for “no-shows.” These agreements must also be reviewed by Legal Affairs to ensure that an appropriate cancellation/refund clause is included in the contract.

XV. Purchasing Agent and Contracting Officer Proficiency

Even with a background in purchasing or accounting, Purchasing Officers require from six to nine months to reach a level of competence to deal with issues that arise during the workday. Purchasing Officers are encouraged to ask a supervisor for answers to questions.

1. **New Purchasing Professionals** – New purchasing professionals are encouraged to review the [OFS](#) website, *GPM* and the BOR *Business Procedures Manual*, and this manual as these are consulted regularly, perhaps daily, during the Purchasing Agent and Contracting Officer's routine.
2. **DOAS Procurement Training and Certification** – DOAS offers coursework leading to certification in purchasing procedures and processes for the Georgia Certified Procurement Associate (GCPA) and Georgia Certified Procurement Manager (GCPM). The University expects its Purchasing Agents and Contracting Officers to obtain their certification and permits procurement staff time off from work to obtain this credential, plus reimbursement of certain travel expenses.
3. **National Accreditation** – Purchasing officers are also encouraged to seek professional accreditation through the National Institute for Governmental Purchasing, the Institute for Supply Management, or American Purchasing Society. These entities are recognized as the primary professional organization for public and private buyers, respectively.
4. **Center for University Learning and ITS** – CUL offers free professional development courses, including business writing, customer service and Microsoft Office classes.
5. **Professional & Continuing Education** – The University's College of Professional Education provides learning opportunities that enrich personal and professional lives, i.e. project management. To assist in that mission, Continuing Education reduces the fee charged to employees on most courses listed in the department's publications. Requests to take advantage of this benefit must be authorized by the employee's supervisor.

6. **KSU Intranet** – There is a wealth of information on the KSU Intranet, and it is important for Purchasing Officers to familiarize themselves with these resources and their locations.

Fiscal Services Link – On the Intranet webpage, the Fiscal Services [link](#) is a general portal that contains further links to subdivisions of this department. (See Section I, above.) Although Procurement Services has its own link on the Intranet page ([Procurement](#)), Purchasing Officers should become familiar with materials on pages within this general portal. Sometimes, it is not possible to link to some materials from the Purchasing & P-Card webpage.

Example – The link to speed chart numbers, an important link (and reference) for purposes of creating a requisition is only accessible from the Budget & Planning webpage.

Procurement Link - This [link](#) on the Intranet may be considered the Purchasing Officer’s home page, with useful information and links to important materials that the Purchasing Officer will refer to daily. It is hoped that Purchasing Officers will note broken links and outdated material and advise a supervisor in an email.

“How-Do-I?” Links – These links (along the right-hand edge of the Purchasing & P-Card webpage) offer instructions to the campus community on how to purchase various types of goods and services. They save Purchasing Officers time in communicating basic information about purchasing, and can be a source of cut-and-paste material for responding to email questions addressed to Purchasing@Kennesaw.edu.

Procurement Policies and Procedures – This particular link connects to a world of useful resources and guidelines. Purchasing Officers may wish to save a link to the [Georgia Code](#) to their “Favorites” link on their tool bars.

Forms – This [link](#) contains forms, many of them used by Purchasing Officers.

Webpages of Other Departments – [Intranet](#) links to other departmental webpages are important resources for Purchasing Officers.

Information Technology Services (UITS) – UITS maintains at least four Intranet links, at least two of which should be mentioned:

- Information Technology Services – This link to departmental information contains further links to materials such as the [Training Services](#).
- Technology Purchases – This [link](#) is the starting webpage for end users to initiate purchases of computer hardware and software as well as audio-visual equipment.

Legal Affairs – Review the Office of Legal Affairs [link](#) on the Intranet, but its importance to Purchasing Officers should not be underestimated.

Contract Compliance - In addition to general information, there is a link to [Contracts Submission Form](#) that Purchasing Officers must refer end users to, in order to initiate the review of a non-KSU contract.

Facilities Services – Not linked on the Intranet, but useful for information about Plant Operations and for links to [Maintenance Request Forms](#).

Human Resources (HR) – The link to [Human Resources](#) offers Purchasing Officers access to information regarding this department. It should be recalled that HR must be consulted to determine the correct employment relationship (whether independent contractor or employee).

Appendices

- A. Responsive vs. Responsible
- B. SAO Purchase Order Policy
- C. Exemptions to the Contract Review Requirements
- D. Independent Contractor vs. Employee Checklist
- E. Pre-Solicitation Questionnaire/Checklist
- F. Public Works Protocols and Procedures

Appendix A

Responsive v. Responsible

Responsive and Responsible - They sound so similar, and it is easy to get them confused. The concepts, however, are very different.

Responsive vs. Responsible: To keep these terms straight, remember that "responsive" always refers to "bids" while "responsible" always refers to "bidders."

When is a Bid Responsive? A bid is responsive if the bid meets all of the requirements of the bidding documents or solicitation. Common issues related to responsiveness include:

- Was the bid submitted, prior to the bid submittal deadline?
- Was the bid submitted to the correct location?
- Did the bid include a bid guaranty, such as a bid bond?
- Was the bid signed by an authorized representative of the bidder?
- Did the bid include prices on all required items?
- Was the bid conditioned in any way such that the bid was not for what was requested?

A responsive bid meets all of the requirements of the bidding documents, while a non-responsive bid does not. Making a decision on whether a bid is responsive or non-responsive relates to whether any type of irregularity in the bid gives the bidder a substantial advantage or benefit not enjoyed by other bidders. Responsiveness determinations are made on a case-by-case basis with significant input from attorneys.

When is a Bidder Responsible? A bidder is responsible if they are capable or qualified to perform the work. Most public agencies are required to award to the low bidder. Some agencies have authority to establish criteria that permit an evaluation of the low bidder to determine if they are responsible, qualified, and capable of performing the project.

Appendix B

SAO Purchase Order Policy



Statewide Business Process Policy & Procedure

Business Process Reference:

Section: Disbursements and Purchases
Title: Statewide Purchase Order Policy

Effective Date: 05/01/2014

Revision Date: 07/01/2017

Background

As part of an effective system of internal control within the procure-to-pay process, procedures should be in place to ensure that only approved purchases are made and ultimately paid for. Additionally, procedures should be in place to restrict money in the budget for approved purchases. Purchase orders along with other internal control procedures act as effective internal controls.

Business Policy Summary

The policy is intended to provide organizations guidance relative to when a purchase order is expected in the procurement of goods and services.

Business Process Policy and Requirements

Requirements - Except as noted below and when a final payment method is not a purchasing card (pcard), a purchase order is required for all purchases or obligations to purchase goods and services greater than \$2,500.

- Attorney and legal related payments, as such procurements are prescribed to the Department of Law via OCGA §45-15-34
- Benefit payments made directly to recipients
- Intergovernmental agreements/payments (e.g., GTA bills, Risk Management premiums, HRA assessments, etc.)
- Membership dues and/or subscriptions
- Payroll and associated tax and benefit payments
- Postage and shipping
- Real estate rental/lease payments
- Sales and Use tax payments
- Travel expense reimbursements
- Utilities (e.g., electricity, telephone land lines, cell phone charges, etc.)
- WEX and ARI payments

When the final payment method is a pcard and consistent with the Payment Method policy (https://sao.georgia.gov/sites/sao.georgia.gov/files/related_files/site_page/BP_VM_PaymentMethod_12-1-2016%282%29.pdf), a purchase order is required, unless the purchase is unplanned, non-routine, or an urgent point of sale purchase under \$1,000.

All agency contracts, statewide contracts, and interagency agreements should also be procured consistent with this Purchase Order Policy. While not required as part of this Policy, agencies may, at their discretion, use purchase orders for any of the above categories, including obligations for less than \$2,500.

Accounting Treatment – Specifically, a purchase order will be recorded as an encumbrance payable and utilize budget dollars associated with the budget date entered on the purchase order. This will result in a credit to encumbrance payable and an offsetting entry (debit/charge) to the applicable expense account(s.)

Monitoring:

Organization management monitors their purchasing activity to ensure purchases orders are being used as required, which helps to ensure their internal control system is operating effectively. This monitoring could be accomplished via queries or reports out of Teamworks, or reviewing paid items for existence of purchase orders.

Authority:

Section 50-5B-3 OCGA provides that the state accounting officer shall:

- Prescribe statewide accounting policies, procedures, and practices;
- Prescribe the manner in which disbursements shall be made by state government organizations;
- Determine the proper classification for accounting and reporting purposes of all assets, liabilities, revenues, expenditures, fund balances, funds, and accounts in compliance with legal requirements and generally accepted accounting principles and prescribe a uniform classification of accounts and other accounting identifiers which shall be used by all state organizations;
- Develop processes and systems to improve accountability and enhance efficiency for disbursement of funds and management of accounts payable.

Applicability:

This business process applies to all Organizations included in the State of Georgia reporting entity. The term 'organization of state government' shall mean, without limitation, any agency, authority, department, institution, board, bureau, commission, committee, office, or instrumentality of the State of Georgia. Such term shall not include any entity of local government, including, but not limited to, a county, municipality, consolidated government, board of education, or local authority, or an instrumentality of any such entity. At these reporting organizations, all personnel with accounting and financial reporting responsibilities should be knowledgeable of this policy.

Addendum C

Exemptions to the Contract Review Requirements

Effective June 10, 2019

A contract is any legally enforceable agreement whether or not it is titled “contract.” Contracts include but are not limited to: terms and conditions related to a transaction, letters of agreement, lecture or performance agreements, licenses, and memoranda of understanding.

Contracts covered by the exemptions outlined below may still require approvals or prerequisites as needed (for example: UITS approval, compliance with Procurement and/or P-card policies, Fiscal & Legal Services review of property agreements involving PPVs etc.) before they are executed. After these contracts are signed by both parties, the fully executed contracts must be uploaded to Contract Compliance for the issuance of a contract number and addition to the university’s contract repository: <https://fiscalservices.kennesaw.edu/contracts/contract-submission-form.php>

The following contracts may be executed without obtaining approval from Contract Compliance.

1. Contracts with external entities:

1.1 Purchases from statewide contracts, existing University and Board of Regents contracts.

1.2 Pre-approved and unmodified standard university contract templates, such as the Lecture or Artistic Performance Agreements, unless modifications to the terms and conditions are needed. However, these contracts may not be inappropriately used. For example, a Lecture Agreement must not be used to contract with providers of services other than Lectures. In addition fully signed contract must be submitted to the Contract Compliance Office *prior to the event or service* for inclusion in the University’s repository, using the [Contract Submission Form](#).

1.3 The following types of contracts, subject to the conditions specified below:

- Software licenses(1)
- Purchase/licenses related to statistical data (i.e. Bloomberg)
- Online subscriptions (not including online advertising)
- Online shopping carts with terms and conditions (i.e. Amazon, Walmart)
- Purchase of lab supplies and equipment
- Purchase of mailing lists for KSU marketing purposes
- Music license/rental agreements related to use of specific music pieces in theatrical productions

If all of the following conditions apply:

- i. Cost of the contract or purchase is \$2,499.99 or less(2); and
- ii. The initial year’s cost of the contract is paid from the current fiscal year’s budget; and
- iii. The product is for localized use solely within the department or college making the purchase, and not for campus-wide use.

2. Internal KSU agreements:

2.1 Internal agreements/understandings between two or more KSU departments may be executed or processed without obtaining approval from Contract Compliance. For example:

- Memorandums of Understanding
- Joint Appointment Agreements
- Facility Use Agreements
- Service Agreements or Invoices/quotes.

2.2 Please note that this exemption does not apply to agreements with affiliated organizations (such as the KSU Research & Service Foundation, KSU Foundation, KSU Athletic Association, etc.). Such agreements are not internal agreements. The exemption also does not apply to agreements with other institutions that are part of the University System of Georgia.

(1) Agreements related to the licensing of software which contain additional services, such as training, support services, or maintenance are considered service agreements and require Contract Compliance review.

(2) Purchases exceeding \$2,499.99 may not be divided into multiple smaller purchases to avoid Contract Compliance review. If there are multiple contracts/quotes with the same vendor related to a single purchase or project, the cumulative value of these contracts should be considered.

Appendix D

IRS 20-point Checklist for Independent Contractors

Mistakenly classifying an employee as an independent contractor can result in significant fines and penalties. There are 20 factors used by the IRS to determine whether you have enough control over a worker to be an employer. Though these rules are intended only as a guide-the IRS says the importance of each factor depends on the individual circumstances-they should be helpful in determining whether you wield enough control to show an employer-employee relationship. *If you answer "Yes" to all of the first four questions, you are probably dealing with an independent contractor; "Yes" to any of questions 5 through 20 means your worker is probably an employee.*

No.	Topic	Criterion	Yes	No
1	Profit or loss	Can the worker make a profit or suffer a loss because of the work, aside from the money earned from the project? (This should involve real economic risk-not just the risk of not being paid.)		
2	Investment	Does the worker have an investment in the equipment and facilities used to do the work? (The greater the investment, the more likely independent contractor status.)		
3	Works for more than one firm	Does the person work for more than one company at a time? (This tends to indicate independent contractor status, but is not conclusive since employees can also work for more than one employer.)		
4	Services offered to the general public	Does the worker offer services to the general public?		
5	Instructions	Do you have the right to give the worker instructions about when, where, and how to work? (This shows control over the worker.)		
6	Training	Do you train the worker to do the job in a particular way? (Independent contractors are already trained.)		
7	Integration	Are the worker's services so important to your business that they have become a necessary part of the business? (This may show that the worker is subject to your control.)		
8	Services rendered personally	Must the worker provide the services personally, as opposed to delegating tasks to someone else? (This indicates that you are interested in the methods employed, and not just the results.)		
9	Hiring assistants	Do you hire, supervise, and pay the worker's assistants? (Independent contractors hire and pay their own staff.)		
10	Continuing relationship	Is there an ongoing relationship between the worker and yourself? (A relationship can be considered ongoing if services are performed frequently, but irregularly.)		

11	Work hours	Do you set the worker's hours? (Independent contractors are masters of their own time.)		
12	Full-time work	Must the worker spend all of his or her time on your job? (Independent contractors choose when and where they will work.)		
13	Work done on premises	Must the individual work on your premises, or do you control the route or location where the work must be performed? (Answering no doesn't by itself mean independent contractor status.)		
14	Sequence	Do you have the right to determine the order in which services are performed? (This shows control over the worker)		
15	Reports	Must the worker give you reports accounting for his or her actions? (This may show lack of independence)		
16	Pay Schedules	Do you pay the worker by hour, week, or month? (Independent contractors are generally paid by the job or commission, although by industry practice, some are paid by the hour.)		
17	Expenses	Do you pay the worker's business or travel costs? (This tends to show control.)		
18	Tools and materials	Do you provide the worker with equipment, tools, or materials? (Independent contractors generally supply the materials for the job and use their own tools and equipment.)		
19	Right to fire	Can you fire the worker? (An independent contractor can't be fired without subjecting you to the risk of breach of contract lawsuit.)		
20	Worker's right to quit	Can the worker quit at any time, without incurring liability? (An independent contractor has a legal obligation to complete the contract.)		

By signing below, I certify that all information provided is true and complete to the best of my knowledge.

Signature:	Date:
Print Name:	Title:

Appendix E

Pre-Solicitation Questionnaire/Checklist

The Art of Listening:

Lawyers make a legal case by interviewing witnesses in a deposition. They prepare for the deposition by listing the questions that must be answered in order to make their case. Young lawyers make the mistake of failing to listen to the answers, and, instead, simply move on to the next question regardless of the response that has been given. Purchasing officers also need to make a case, only in this instance it is DOAS that is the jury. KSU purchasing agents and contracting officers are wise and will not make the mistakes that young lawyers do. Here's how:

*Listen to the answer that is given. More often than not, the "witness" (end-user) will not have actually answered the question that was asked. Ask the question again, putting it differently if there *may* have been a failure to understand. Before moving to the next question, ask yourself whether the response was clear, or whether it otherwise gives rise to additional questions. Ask those other questions before moving on to the next. Make notes if there are a number of questions that need to be asked. Don't be so anxious to get to the bottom of your questionnaire.*

A final note: Don't assume that the person creating an OwlPay or ePro requisition is the best or only person to answer your questions. Other end-users often have other points of view. Ask the "witness" (and also ask yourself) whether there is anyone else who might be interested or might have answers that would help with the solicitation. Getting various view points will reduce the risk of unanticipated consequences in bid responses and in contract performance.

I. Core Questions for all solicitations, including sole source/brand

- What is the product/service?
- What is the estimated annual budget?
- Is it available on a SWC, Agency Contract or Mandatory Source?
- Is product patented or trademarked? Verify at www.uspto.com then sole source or sole brand
- How many are needed?
- Do you anticipate a future need?
- How many is needed monthly/quarterly/ annually?
- Who are the users?
- How will it be used/What functions will be performed?
- When is product/service needed?
- Why is product/service needed?

II. Required Approvals

- Is the purchase grant-funded? (Grants Office)
- Does the item, or some component of it, have IT or AV parts? (Technology Purchases website)
- Will the product have to interface with an existing system, hardware, software...? (Technology Purchases Website)
- Will the product be attached to land or a building? (Facilities Planning & Design/Plant Ops)
- Will the KSU logo be used on the product? (Strategic Communications)
- Does the product/service involve hazardous waste or have an environmental impact on air or land? (EHS approval)
- Will the product be used by, or affect the operations of, more than one department?
- Have all the affected departments/stakeholders agreed to the purchase?
- What type of power will be used – none, electrical, gasoline, diesel or combination?
- If powered by electricity, is the facility/location able to supply sufficient voltage and is it compatible? (Office of Facilities/Plant Operations)

III. For Goods/Equipment Only

- Are there any Federal or State regulations pertaining to the product? i.e. safety and production regulations, etc.
- Is the product “off the shelf” or is customization needed?
- What resources will the university have to provide to get the product to work? , i.e. interface with university equipment, computers or software, staffing, etc.
- Where will product be located and/or stored?
- Will external training be needed on how to use the product? How many people and for how long?

- What accessories are needed to make the product achieve full functionality?
- Should the accessories be part of the solicitation?
- What are the measurable physical, functional and quality characteristics? size, weight, color?
 - What capacity is needed, i.e. volume, weight, etc? (i. e. floor load capacity)
 - If purchased previously, what are the physical dimensions of the product?
 - What are the dimensions of the room where the product will be placed?
 - What are the minimum performance requirements for the product/service?
- What should be the composition of the product? (i. e. gauge of steel, thread count of fabric?)
- Will a sample or testing be needed before award?
- What will be the test method?
- Is a warranty needed?
- What should be the length of the warranty?
- Is assembly required? If so, who will assemble and how will it affect warranty?
- Will the supplier install the product?
- What are the service/maintenance expectations for repairs/troubleshooting?
- Will a site visit be needed before award and/or periodically through the term of the contract?
- Are Special Packaging Requirements needed?
- Where will delivery be accepted? Inside/Outside/Which floor?

IV. For Services Only

- Is the service an exempt professional service as defined in the GPM?
- Will this be a recurring need?
- Where will the service be performed? Offsite/Onsite?
- If offsite, what level of capacity must the supplier have?
- Will the work be supervised by university staff? Contact information?
- Will university resources or equipment be needed? (Discuss with supervisor, may not be permissible)
- Do other departments also need this service?
- What type of staff will perform the service?
- Does the staff need to be certified or licensed?
- What equipment must the supplier own or lease? (Vendor must provide all necessary supplies and equipment)
- What are the measurable deliverables?
- Who will certify/approve invoices indicating that deliverables have been met?
- What outcomes are needed from the service?
- Will training be needed? How many people and for how long?
- Are there any Federal or State regulations pertaining to the product? i.e. safety and production regulations, etc.

V. Sole Source

Why is the item or service a sole source? Is the product only manufactured or provided by one company?

What is unique about the product or service? Exclusive capability?

Has any market research been done to determine the availability of comparable products?

What sources were used? i.e. other institutions, internet?

Is it patented? Verify at www.uspto.com

Is it trademarked? Verify at www.uspto.com

Is there a letter from the original equipment manufacturer (OEM)

Do you have a quote or contract from the manufacturer?

If you have a contract, has it been sent to Legal for review?

Does the quote include all costs related to the product, including installation, implementation, interface, travel, training, and any other expenses?

VI. Research by Purchasing Officer After Receipt of Draft Specifications from Requestor

1. Check independent sources for minimum requirements for product or best practice for service
 - Thomas Registry – www.thomasnet.com
 - American Standards and Testing – <http://www.astm.org>
 - Georgia Procurement Registry – www.procurement.state.ga.us
 - Other States Purchasing Divisions – www.allthingspolitical.org/state_purchasing_agencies.htm
 - Federal Government Websites – http://www.usa.gov/agencies/federal/all_agencies/index.shtml
 - State Government Websites – <http://www.nigp.org/stwwesit.htm>
 - Local Government Websites for Georgia – <http://www2.icma.org/resources/govsites/index.cfm>
 - Miscellaneous Internet Resources i.e. www.dogpile.com
2. If copying specifications from registry, contact the issuing officer to see if they would change anything in the specifications based on new information or contract administration issues?
3. Are all industry terms defined?
4. Is the scope of work/specification sufficiently flexible while maintaining core requirements for the product to work?
5. Can more than one vendor supply the product? Will specifications allow for competition?

6. Scope/Specification is clear and understandable to you and potential suppliers?
7. Are specifications defensible?
8. Does the solicitation state the basis of award, i.e. unit price, total price?
9. How much insurance is needed?
10. Will a performance, fidelity/surety bond be needed?
11. Will a Letter of Credit or audited Financial Statements be needed?
12. Does the vendor need to have a Federal or State certification? (Check Secretary of State website or State oversight agency for product or service)
13. Federal or State regulations pertaining to the product?
14. Are the appropriate terms and conditions attached to the solicitation? Goods, Technology, Services, etc.
15. Are additional terms and conditions needed, i.e. parking? Privacy laws – FERPA, HIPAA, GLB, Red Flag, etc.?
16. Sales Tax and Use Form
17. Vendor Questionnaire
18. For Public Works – Immigration Security form
19. Quote sheet identifies each component of product and will allow for an award based on the stated basis of award (see number 5)
20. Have all stakeholders reviewed and approved the specifications?

Appendix F

Public Works Protocols and Procedures

KSU PROCUREMENT MEETING 10/7/11: BIDDING PROCEDURES RELATED TO BOR PUBLIC WORKS PROJECTS

KSU Procurement for bidding Public Works projects outlined in BOR Bid & Advertising Requirements, Bond Requirements for Procurement of Public Works Construction Contracts, effective 9/1/2011.

Project Construction Cost less than \$50,000:

1. KSU Facilities staff may select one (1) contractor to price the project scope of work without public advertisement or competitive bidding. KSU Procurement will not be required to oversee process.
2. Contractor shall be a registered State of Georgia or KSU vendor and if not will be required to register as a State of Georgia or KSU vendor.
3. Verify contractor has required insurance and bonds.
4. Submit a requisition with back-up documents to Procurement for the contract and Purchase Order to be signed by the Purchasing Agent.
5. Facilities Services will determine if, insurance certificate, performance and payment bond are required for project.
6. Execute standard BOR Design-Bid-Build Construction Contract with contractor.

Project Construction Cost \$50,000 - \$100,000:

1. KSU Facilities staff may select a minimum of three (3) interested contractors to competitively bid the project scope of work without public advertisement. KSU Facilities staff will verify the following contractor information prior to bidding (See attached E-Quote/RFQ Vendor Form Packet, dated 3/24/2010):
 - a. Contractor is a registered State of Georgia or KSU Vendor.
 - b. Tax Compliance
 - c. Reference Form
 - d. Statement of Bidder's Qualifications
 - e. Min. five (5) years of experience with similar projects
 - f. Complete KSU Procurement Vendor References Form

g. Required Insurance & Bonds

2. KSU Procurement will be required to assist KSU Facilities with process, including prequalification of contractors, invitation to bid, bid package distribution, etc.
3. KSU Facilities staff may contact the selected contractors by phone to determine if they are interested in bidding project to verify that a minimum of three sealed bids will be received. May need to have more than three bidders to allow for bidders that may drop out. If less than three sealed bids received then project will have to be rebid. Specific project information concerning scope of work, budget, schedule, etc., which would provide an advantage in bidding project may not be discussed with any contractor prior to bidding.
4. Facilities Services will determine if performance and payment bond required for project.
5. KSU Facilities staff will be responsible for developing bid package documents from BOR bid package template on BOR website to include:
 - a. Design-Bid-Build Construction Contract
 - b. Bid Requirements Invitation to Bid
 - c. Bid Requirements Instruction to Bidders
 - d. Bid Requirements Bid Form
 - e. Bid Requirements Statement of Bidder's Qualifications
 - f. Bid Requirements Bid Security Form
 - g. BOR General Conditions
 - h. Contract Documents – Drawings & Specifications
6. Completed bid package will be issued to KSU Procurement for their review, comments and approval prior to issuing to bidders. KSU Procurement will complete bid package review within 3-5 business days.
7. Approved bid package will be issued to selected bidders. Minimum bid period shall be ten (10) business days.

8. KSU Facilities and Procurement will conduct a mandatory/non-mandatory pre-bid meeting and site visit, if necessary with all bidders and provide a written Q & A and/or addendum, issued to all bidders regarding questions and/or clarifications. Any additional questions after pre-bid meeting shall be addressed in subsequent addenda.
9. Sealed bids shall be received by KSU Facilities and opened in private by the Contracting Officer without bidders present.
10. KSU Procurement will compile Bid Tabulation Sheet with all bids. Project will be awarded to lowest responsive bidder.
11. Procurement will request insurance certificate, performance and payment bond if they are required for project.
12. Execute standard BOR Design-Bid-Build Construction Contract with contractor.

Project Construction Cost \$100,000 - \$250,000:

1. KSU Procurement to publicly advertise Public works project on Georgia Public Registry (GPR) along with the E-Quote/RFQ Vendor Form Packet, dated 3/24/2010 to verify the following information:
 - a. Contractor is a registered State of Georgia or KSU Vendor.
 - b. Tax Compliance
 - c. Reference Form
 - d. Supplier General Information Worksheet
 - e. Statement of Bidder's Qualifications
 - f. Min. five (5) years of experience with similar projects
 - g. Complete KSU Procurement Vendor References Form
 - h. Required Insurance & Bonds (See attached State of Georgia Insurance and Bonding Guidelines, dated January 2011)
2. KSU Procurement will be required to assist KSU Facilities with process, including prequalification of contractors, invitation to bid, bid package distribution, etc.. KSU

Procurement to provide one (1) staff member to work in the KSU Facilities office 2 days per week to assist in this process.

3. KSU Facilities staff may contact the selected contractors by phone to determine if they are interested in bidding project to verify that a minimum of three sealed bids will be received. May need to have more than three bidders to allow for bidders that may drop out. If less than three sealed bids received then project will have to be rebid. Specific project information concerning scope of work, budget, schedule, etc., which would provide an advantage in bidding project may not be discussed with any contractor prior to bidding.
4. Bid Bond, Performance & Payment Bonds are required.
5. KSU Facilities staff will be responsible for developing bid package documents from BOR bid package template on BOR website to include:
 - a. Design-Bid-Build Construction Contract
 - b. Bid Requirements Invitation to Bid
 - c. Bid Requirements Instruction to Bidders
 - d. Bid Requirements Bid Form
 - e. Bid Requirements Statement of Bidder's Qualifications
 - f. Bid Requirements Bid Security Form
 - g. BOR General Conditions
 - h. Contract Documents – Drawings & Specifications
6. Completed bid package will be issued to KSU Procurement for their review, comments and approval prior to issuing to bidders. KSU Procurement will complete bid package review within 3-5 business days.
7. Approved bid package will be issued to selected bidders. Minimum bid period shall be fifteen (15) calendar days after the date of GPR advertising.
8. KSU Facilities and Procurement to conduct a mandatory pre-bid meeting with all bidders and provide a written addendum issued to all bidders regarding questions and/or clarifications. Any additional questions after pre-bid meeting shall be addressed in subsequent addenda.

9. Sealed bids shall be received by KSU Procurement at public bid opening. KSU Procurement to compile Bid Tabulation Sheet with all bids. Project to be awarded to lowest responsive and responsible bidder.
10. Procurement will request and review the insurance certificate, performance and payment bond required for project.
11. Execute standard BOR Design-Bid-Build Construction Contract with contractor.

For \$250K and above, the steps are same except minimum advertising period would be 30 days.

**USG – Office of Real Estate & Facilities
Procurement Training for Facilities Projects
Meeting Summary - 09/16/2011**

Training was conducted by Sheree Srader, with Anthony Maddox in attendance

Competitive Bids, Advertising Requirements & Project Authorization

- New dollar thresholds regarding bidding, advertising and bond requirements have been revised, effective September 1, 2011. See link below.
<http://www.usg.edu/ref/capital/bppmanual/chapter8/App8A_PW_bid-advertise-bond_requirements.pdf
- KSU is a Level 3 University, which means the University has a project limit not to exceed \$750k and a \$1 million construction cost limit. For projects exceeding these thresholds, and less than \$5M, USG will conduct the procurement or upon request and prior approval, delegate this authority to KSU. GSFIC has authority of public work/construction projects of \$5 million or more.

Public Works

- Definition for Public Works: If the contractor both furnishes and installs, it is public works; if the contractor merely furnishes, then it is not.
 - USG Facilities' contracts do not allow for renewal on an annual basis nor does it allow for open contracts. Contracts are specific to one time projects with a deadline/hard end date. Consequently, contracts such as the University's job order contracts and MRO renewable contracts do not fall under this umbrella, and are subject to DOAS's jurisdiction.

Design-Build & Design-Bid-Build

- There are only two contracts that are allowed to be used with public works projects, regardless of dollar size: the Design-Build and the Design-Bid-Build.
- Subcontractors do not require payment bond protection on projects under \$100k.
- Bid-splitting was not specifically defined. USG is open to answering inquiries on projects and providing guidance as to whether projects should be treated as distinct and separate initiatives. There is significant flexibility on whether a contractor can be asked to undertake additional, out-of-scope work without re-bidding.
- The BOR Building Project Procedures Manual takes precedence over the State Construction Manual.
 - When evaluating Design-Bid-Build RFQs, the highest ranked bidder is identified as the potential awarded bidder. The cost proposals for that vendor only can be opened and the remaining cost proposals remain sealed. The institution can *negotiate* cost (***USG -Are there any guidelines for negotiating price, i.e., a firm, fixed price? Can scope be reduced to reduce pricing?***). However if the highest ranked bidder's cost exceeds the institution's budget, the institution has the option to go to the next highest ranked
 - Add Alternates – Should not be used. Deductive alternate(s) is the appropriate method for pricing additional services.
- BOR delegates to the institution protest procedures and is currently drafting a policy
 - The protest procedure should be included in construction solicitations (i.e., the protest is submitted to Procurement Officer, etc.)
 - A notice to proceed cannot be granted without receipt of bonds.