**HSU Purchasing**  
**Important Things to Know**

**Purchasing Authority:** All purchases, rentals and lease/purchases to which the University is a party are subject to regulations and procedures as stipulated in Arkansas statutes. All types of purchases from University accounts are subject to regulations and procedures and require prior approval of the Purchasing Department. Purchases not authorized by the HSU Purchasing Department are not legal obligations of the University. Any individual making a purchase without proper approval is assuming a personal obligation to the vendor for which he/she may be held personally liable.

**Use of HSU/State Funds:** Arkansas Code 19-4-522 addresses the use of state funds. It is a very detailed statute that goes as far to list the areas of necessary and proper type expenditures, such areas as postage, printing, maintenance, utilities, insurance, travel expenses, consumable supplies, etc. Basically, it states the expenditure of state funds is to be made only for necessary items for the proper and efficient operation of the state agency/ institutions of higher education. "Expense necessary for the proper and efficient operation" are the key words.

**Bookstore:** HSU contracts with Barnes Book Association, (Reddie Bookstore) to provide services normally related to a "Bookstore" operation. Items to be procured from the Bookstore are to be treated in the same manner as procurements from any local vendor. To purchase from the Bookstore, a Purchase Request must be prepared and submitted through the normal purchasing channels for prior approval before the item(s) can be obtained.

**Catering/Food:** Catering is a service where the contractor prepares and delivers a food/beverage product to a location agreed upon by the user. HSU contracts with ARAMARK, Inc. to provide services related to a complete food service operation. As a condition of this contract, HSU Departments are encouraged to use Aramark, not mandatory, for catering to be provided on campus. Prepare a Purchase Request listing all the items/services required of the caterer, attach the forms required by the caterer and submit it through the proper channels for approval. Catering booklets are available from ARAMARK, Inc.  
**NOTE:** The DPS requisition must be approved (for any food type items) prior to the event.
Direct Billing for Meals and Lodging: Direct billing for "official business" travel related needs should be avoided. If it is determined, by HSU, that a direct billing is necessary for extended stays of employees, meals, or group functions (meetings, training, etc.), then such needs must be approved in advance by the Vice President/Provost of the University.

See Official Function/Direct Billing and Promotional Item form.

Decorative Items: Items such as plants, pictures, lamps, etc. can be purchased only if they are to be located in public areas (not private office) and will provide benefit to the University, general public, or the students of this University.

Ethics: Arkansas Code 19-11-701 thru 19-11-709 addresses ethics in general. § 19-11-704, General Standards of Ethical Conduct state that "Any attempt to realize person gain through public employment by conduct inconsistent with the proper discharge of the employee's duties is a breach of public trust" and " any effort to influence any public employee to breach the standards of ethical conduct set forth in this subchapter is also a breach of ethical standards". § 19-11-707 Gratuities and Kickbacks state "It is a breach of ethical standards for any person to offer, give, or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specifications or procurement standard, rendering of advice investigation, auditing, or in any other advisory capacity in any proceeding or applications, request or ruling, determination, claim, or controversy, or other particular matter, pertaining to any contract or subcontract and any solicitation or proposal therefore".

§ 19-11-70 Penalties states that "Any employee or non-employee who shall knowingly violate any of the provision of this subchapter shall be guilty of a felony and upon convictions shall be fined in any sum not to exceed ten thousand dollars ($10,000) or shall be imprisoned not less than one (1) nor more than five (5) years, or shall be punished by both".

Items of a "Personal Nature": Many items such as Christmas, Birthday, Sympathy, Get Well, etc. type cards are considered as "items of a personal nature" and cannot be purchased with HSU/state funds. There are many other items that can be interpreted to fall into this same category, such as Palm Pilots, Brief Cases, Laptop Computers, Planners, Portfolios, etc. Any time you have need for any type of commodity that could be questionable as
to the use, just add a brief justification of how the item(s) will be used. The general rule is that if you cannot justify the item to be used only for official duties/business related to university/state then it should not be purchased (legally).

**Promotional/Logo Type Items:** HSU, as an agency, has a total approved amount of $20,000 for promotional items for each fiscal year. Items procured for promotional purpose must be paid from the departments account and must be those type items that will promote the University in some realistic manner. Promotional items cannot be given to HSU employees. See Official Function/Direct Billing and Promotional Item form.

**Memberships:** The Department of Finance and Administration Accounting Procedures manual states "Generally, agency membership dues requires no prior approval when such membership is in the name of the agency, and such membership is not in a community organization. In the event that any membership due is in the name of an individual, or a membership, whether in the name of an individual or a State agency, is in a community organization, the department head or independent agency director must submit written justification for approval to the Director, Department of Finance and Administration". Membership to most professional organizations, in the name of the university, can name an individual, or individuals, as representatives of the university.

**Vehicles:** All HSU owned vehicles are to be used for "official business" only. Use of these vehicles for personal needs is prohibited. Trips to the local eating establishments, personal shopping trips are not considered "official business".

**Contracting with Individuals/Professional Organizations/Others:** Contracting with individuals and organizations can be a very complicated procedure and in some cases no contract can be made. Some of these type services can be accomplished with a Purchase Order, others require the use of a Professional Service Contract. Many of these can be approved on campus and depending on the dollar amount require the approval of the Department of Finance and Accounting and some are required to be presented to the Legislative Counsel. Those requiring Legislative Counsel approval can take 45-60 days to obtain all the legal approvals. In most cases a W-9 is required before any type of contract can be approved. If your need is to contract with an individual or professional organization please contact the Purchasing Department.
**Purchasing Do's and Don'ts**

**Do's**

DO make sure you have an approved Purchase Order, or other approved type contract document, before making any commitment that could result in an expenditure of HSU funds.

DO contact the Purchasing Department for help related to any procurement matter you are not familiar with.

DO consult the Purchasing Department regarding items that could be construed as "personal in nature".

DO call the Purchasing Department, without hesitation, for questions, discussions, advice, etc. related to any matter where the University could be liable for any kind of payment.

DO feel that you are an important part of the procurement process. Purchasing is a service-oriented department but it must be a cooperative venture between the users and us.

**Don'ts**

DON'T play one supplier/vendor against another by disclosing one's price and inviting the other to beat it.

DON'T place orders for supplies, services or equipment without an approved Purchase Order signed by the Purchasing Department.

DON'T request supplies, services or equipment that will be used for personal or non-University purposes.

DON'T accept gifts or gratuities from vendors as a promise to do business with them.

DON'T purchase food items with University funds in association with any personal related event such as employee birthdays, holidays, etc.
DON'T accept any shipment/delivery of items that you do not have a "Receiving Report" for that item. If you don't have a "Receiving Report" simply refuse the delivery.

NOTEABLE WARNINGS:

Telephone "scams": Scams are a continual threat to our campus. There are so many of these "scams" that it would be impossible to list all of them. The most common is the firm that will call your department and ask what kind of copier or printer you have. They will most likely have a firm name that may sound similar to one the University conducts business with, such as "Copy System", "Copier Systems", "Copy Central" instead of Copy Systems. They will attempt to get as much info from you as possible. They will ask for your name, building, phone number, meter reading, etc. They sometimes say that the toner for your equipment is about to increase in price by some 50% to 100% and would like to ship you several boxes before the price increase. They may even offer you some prize, "2 for 1", etc. Never commit to any of these type contacts. Tell them the HSU Purchasing Department handles this type transaction and tell them to call us. This will most likely end your conversation with them.

Un-Authorized Delivers: If a delivery is made to your department make sure it is a proper delivery. If the item(s) being delivered was ordered by the University, then it should reflect a Purchase Order number that can be researched to determine what department is supposed to receive the item(s). You should have a copy of the Receiving Report on file that will reflect all items, services, equipment, etc. that have been ordered by your department. NEVER ACCEPT A DELIVERY OF ANYTHING THAT HAS NOT BEEN PROPERLY ORDERED BY THE UNIVERSITY. Refusal of shipments that you did not order can save you and the University the problems related to acceptance of un-authorizd items. If you have any questions related to a delivery, please contact the Purchasing Department immediately. Do not allow your student workers to accept deliveries unless you have trained them in the proper procedure.

Conflicts of Interest: Ethics related to conducting business is a very sensitive area. A general rule of thumb that can be used is to avoid engaging in business with relatives or with any business in which you or
your relatives, or any HSU employee, have a financial interest. Ethics related to the procurement area are to be found in Arkansas §19-11-701 - §19-11-717.

FREQUENTLY ASKED QUESTIONS

1. Q. Do I have to buy supplies, equipment, etc. that are on an agency/state contract especially if I can buy it cheaper somewhere else?

   A. Yes, if it is a mandatory type contract. Agency/state contracts are awarded using the competitive bid process. If you have any questions as to what is on an agency/state contract please contact the Purchasing Department.

2. Q. How much can be bought before the competitive bid process is required?

   A. For most items, $5,000 is the limit before the bid process is initiated. Note: This does not apply to printing and stationery type items. All printing and stationery must be bid regardless of dollar amount.

3. Q. What are the types of bid structures and their dollar limits?

   A. There are several types of procurement structures but the basic three (3) for most commodities and services are related to the dollar limits. The Small Order is from $.01 to $10,000,000; the Competitive Bid limit is from $10,000.01 to $50,000; above $50,000, the Competitive Sealed Bid/Request for Proposal is required. These basic structures do not apply to printing or stationery type items, construction type projects or professional services. For example: all printing must be bid regardless of cost, the Competitive Bid limit for construction type projects is from $10,000 to $50,000, and written contracts for professional services above the limit of $10,000 per year must be prior approved by the Department of Finance and Administration and,
if it exceeds $10,000 it must be approved by the Legislative Council before any services can be provided.

4. **Q.** Do I have to buy from the lowest bidder?
   
   **A.** In most cases the lowest bidders will meet the requirements of the bid such as delivery time, vendor ability and quality of product. If lowest bidder cannot meet the requirements of the bid then the next lowest responsive and responsible bidder can be awarded the contract.

5. **Q.** Why can't I "split" Purchase Request when the need is for two different jobs or they are being paid from two different accounts?
   
   **A.** It is a violation of Arkansas law to split purchases to circumvent the bid process. Needs are grouped by commodity types, regards of the originating need. Example: two different departments need office furniture, one needs $5,700 worth and the other needs $4,900 worth. If these needs are known then a bid is created to satisfy the law.

6. **Q.** Why do I have to have a registration form to accompany my Purchase Request?
   
   **A.** Registration forms are a great source of information. The information will, in most cases, allow us to process your Purchase Request (PR) in an expedient manner. For example: the registration forms can tell us if any other types of approvals are required before the PR can be processed for items such as meals and lodging. Sometimes these items are included in the registration fee as a whole, which requires no additional approval, but if the lodging and/or meals are defined by a dollar value we must request a "Direct Billing" approval from the Department of Finance and Administration before we can legally process the PR.
7. **Q.** If I have a grant why do I have to process a Purchase Request?

   **A.** Funds for grants can come from many different sources such as state (includes HSU, ADHE, DHS and various other state agencies), federal and private. Each can and does have some different requirements for the expenditure of the funds. These funds are generally taken into the University coffer so the rules and regulations of the State of Arkansas and the University apply to the method of how it can be expended. We have found that if HSU method of procurement is used then we are legal with most of the grant requirements.

8. **Q.** Why can't printing be procured without a bid?

   **A.** Amendment 54 of the Arkansas Constitution requires that all Printing, Stationary and Supplies are procured by the competitive bid process regardless of cost. Other Arkansas statutes require the use of recycled paper, soy ink, etc. for the printing process thus the only way to satisfy the full requirements of the law is to bid all printing regardless of the amount needed.

10. **Q.** What is a "Sole Source" purchase and how can I determine if my requirement can be processed as one?

    **A.** In general, "sole source" procurements shall be those type procurements which, by virtue of the performance specifications, are available from on a single contractor. They are used only when the Competitive Bid or Request for Proposal methods are clearly not applicable. Brand name or design specifications are not sufficient explanation for a sole source. Such procurements may include, but shall not be limited to:

    1. Requirements of performance compatibility with existing commodities or services;
    2. Repairs involving hidden damage.
Procurements under the "sole source" method shall be approved in advance by the head of a state agency having an Agency Procurement Official or the State Procurement Director for all other agencies, or a designee of either officer above the level of the Agency Procurement Official.

To make procurements utilizing this method a written request must be made to the Purchasing Department accompanied by a Purchase Request and must, at a minimum, address the following:

1) What purpose the item is to be used for;
2) How will the item be used;
3) Why no other item will accomplish the needed end results;
4) Why the request is made out to the vendor suggested on the PR.

NOTE: It is not uncommon for a needed item to be only manufactured by one company but in many cases various vendors may sell that same item thus making the item a "competitive" type procurement. Many companies claim to be "sole source suppliers" and for that reason the Purchasing Department will contact the vendor you suggest to confirm that they are truly a sole source for the item you are requesting.