

UC Davis Policy and Procedure Manual

Chapter 350, Supplies and Equipment

Section 10, Procurement

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Responsible Department: Accounting and Financial Services

Source Document: Business and Finance Bulletin (BFB) BUS-43, Materiel Management

I. Purpose

- A. This section provides the policy and restrictions for the purchase of goods or services, including authorities and procedures for review of unauthorized purchases.
- B. For UCDMC policy and procedures, refer to UCD Health System Policy & Procedure, sections [2200-2299](#).
- C. Other policies may govern the procurement of specific goods (see VII.B below).

II. Policy

- A. University credit, purchasing power, and facilities may be used only to purchase goods or services directly related to University business.
 - 1. The purchase of goods or services for individuals or for personal use is prohibited.
 - 2. Appliances (e.g., refrigerators, microwaves, coffee makers) may be purchased for employee common areas or when a department has a legitimate business need (e.g., departments that regularly serve the public) with department head approval.
- B. Contracting Services ensures that each procurement action meets the requirements of competitive bidding process and other mandates applicable by law, statute, or policy.
- C. The individuals identified in [DA 2100](#) have the authority to commit University funds to execute purchase agreements, subcontracts, and standard purchase orders for materials, goods, and services.
- D. Department heads may authorize Requisitions (REQS) and direct low-value purchases through the use of University purchasing agreements, low value purchase orders, and purchasing cards, subject to clearly defined conditions and limitations as described in [BUS-43](#), and in III, below.
- E. Employees may not make or participate in making a decision when a financial conflict of interest exists (see Section [380-16](#)).
- F. To avoid the appearance of favoritism, University officers and employees may not accept gifts or gratuities from any vendor that is offered, or reasonably appears to be offered, because of the employee's position (see Section [380-55](#)).
- G. The duties for purchasing, receiving, and reviewing financial reports must be separated so that one person's work routinely serves as a complimentary check on another's work, and no one person has complete control of a purchase transaction (see Section [330-11](#)).
- H. An individual who has not been designated purchasing authority who makes an unauthorized purchase of goods or services shall be responsible for payment of the charges or cancellation fees incurred when cancellation can be arranged.
- I. The department head or Principal Investigator must screen for existing reallocable equipment prior to purchasing equipment for use under a Department of Defense or NASA contract (see BFB [BUS-29](#), section V.A.10).

III. Allowable Departmental Purchase Transactions

- A. Low value purchases — purchases totaling less than \$5,000 per vendor per day, including all taxes, fees, and shipping charges^[MMT1].
 - 1. Low value purchases may be used to obtain supplies and expense items, including short-term equipment rentals (31 days or less) or miscellaneous off-campus services, not in the [excluded items list](#).
 - 2. Low value purchases may not be used to purchase items that are available under any pre-negotiated agreement (see III.C, below).
 - 3. Low value purchases should not be used for repetitive purchases (see III.C.2, below).
 - 4. Material Safety Data Sheet (MSDS) should be requested for every low value purchase that might contain hazardous substances (see section [290-27](#)).
- B. Repair orders —direct arrangements with a vendor, totaling less than \$5,000, for repair of equipment or supplies.
 - 1. A repair order may be used when repair service is not available through the University or through established maintenance agreements.
 - 2. Departments should obtain estimates in advance of any repair.
 - 3. For repairs performed onsite, the vendor's current insurance information must be on file before the work is performed.
- C. Agreements — negotiated agreements with designated vendors for departments to purchase goods and services up to the per order cost limit specified for that agreement.
 - 1. Current agreements can be located in the financial information system, the UC Office of the President [Systemwide Agreements Website](#), or [UCD Buy](#).
 - 2. Departments may request the establishment of a blanket agreement through a Purchase Agreement (PA) when they repetitively order commodities or services from the same vendor, with an annual spend of \$10,000 or more.
 - 3. Departments do not have authority to negotiate with vendors to modify the terms and conditions of any University agreement.
 - a. Changes to a blanket agreement must be requested by initiating a PA amendment (PAA).
 - b. Annual renewals/extensions must be requested via the PAA process at least 30 days prior to expiration.
 - 4. Authorization to purchase supplies or maintenance from a vendor other than the agreement vendor may be granted by the Director—Contracting Services, only under the following circumstances:
 - a. Emergency conditions that require special delivery or quantity requirements that cannot be met by the agreement vendor.
 - b. Specification differences so substantial that an item covered by the supply agreement does not fulfill the specific need.
 - c. The purchase must be made from a small or disadvantaged business to meet the requirements of the funding agency.
- D. Published materials

1. Departments may purchase published and copyrighted materials, including periodicals and electronic media, with no per order limit.
 - a. The department must verify that the price is reasonable and no more than the price charged to other educational institutions.
 - b. Documentation of the verification must be retained with the purchase records.
2. Departments may not execute license agreements.

E. Purchasing card (P-card)

Departmental purchases may be made using the P-card as described in Section [350-22](#).

F. Restrictions

1. Departments may not artificially divide transactions to remain under cost limits specified for each allowable departmental purchase type.
2. Departments are not authorized to sign vendor agreements, including for revolving credit cards or any other credit application.
3. Departments may not solicit rebates from vendors, including cash, credit towards future purchases, free goods (including food or beverages), or coupons.
4. Departments may accept unsolicited rebates or incentive payments when approved in advance by the Director—Contracting Services under the following conditions:
 - a. Cash rebates
 - 1) Departments must instruct vendors to make cash rebate checks payable to The Regents of the University of California and to reference the applicable PO or PA number on the remittance advance or the check.
 - 2) Rebate checks must be immediately mailed or delivered to the Cashier's Office for deposition in the appropriate account and fund that generated the rebate.
 - b. Credits
 - 1) Departments must instruct vendors to reference the applicable PO number or PA number on all credit memos and correspondence.
 - 2) A REQS must be submitted to the Contracting Services when requesting a purchase of inventorial equipment using rebate funds held by a vendor.
 - c. Free goods (including promotional items) or services
 - 1) All free goods are the property of The Regents of the University of California.
 - 2) Free goods and services must be clearly itemized on the PO or PA and specified as "no charge."
 - 3) Items of a personal nature offered to a University employee should be discouraged (see [Section 380-55](#)).
 - 4) Personal items and other unusable items must be declared excess and sent to Aggie Surplus for sale, the proceeds of which will be credited back to the account that incurred the expense resulting in the free goods (see [Section 350-80](#)).
 - d. Coupons

- 1) Coupons must be attached to the REQS and submitted with the PO at the time of purchase.
- 2) Coupons for inventorial equipment must be mailed or faxed to the Contracting Services as attachments to the REQS.

IV. Procurement Through the Purchasing Department

- A. Purchases that do not fall into the categories listed in III.A-E, above, are initiated by the department on a REQS.
- B. Technical and performance specifications must be adequately detailed to ensure fair competition in the bid process.
- C. The purchase must be awarded to the lowest responsible bidder meeting specifications, essential requirements, and University terms and conditions.
- D. If a sole source purchase is requested, the REQS must include justification describing the uniqueness of the goods or services offered by that vendor, supported by factual, auditable statements, and be accompanied by the [Individual Disclosure Statement for Proposed Sole Source Purchase](#) signed by each person involved in the recommendation to forgo competition.

V. Unauthorized Purchases

- A. Unauthorized purchases up to \$500 that are otherwise compliant
 1. The department head determines if the item purchased was needed by the department, and if it was purchased at the lowest reasonable cost.
 2. If approved, the department follows the process described at http://afs.ucdavis.edu/our_services/contracting-services/general-information/unauthorized-purchases.html.
 3. If disapproved, the department head directs the responsible individual to return the item or to personally pay the charges if a return is not possible.
- B. All other unauthorized purchases
 1. The individual requesting reimbursement submits a memo to the department head explaining the reason for the unauthorized purchase and requesting approval for payment.
 2. The department head determines if the item purchased was needed by the department, and if it was purchased at the lowest reasonable cost.
 3. If approved, the department head forwards the memo to the appropriate dean or vice chancellor for approval.
 4. If approved by the dean/vice chancellor, the department follows the process described at http://afs.ucdavis.edu/our_services/contracting-services/general-information/unauthorized-purchases.html.
 5. If disapproved by either the department head or the dean/vice chancellor, the department head directs the responsible individual to return the item or to personally pay the charges if a return is not possible.

VI. Further Information

- A. Additional information, including information on emergency purchases, is available from Contracting Services, 752-0370, <http://purchasing.ucdavis.edu>.

- B. Information on supply and preventive maintenance agreements is available on the Contracting Services website.
- C. University sustainable practice requirements are available in Section [350-05](#) and in the University of California [Sustainable Practices Policy](#).
- D. Information on processing purchasing documents, and the use of other purchasing methods, is available at http://afs.ucdavis.edu/our_services/contracting-services/general-information/buying-methods.html.

VII. References and Related Policies

- A. UC Office of the President:
 - 1. Business and Finance Bulletins (<http://policy.ucop.edu/>)
 - a. BUS-29, Management and Control of University Equipment.
 - b. BUS-43, Materiel Management.
 - 2. Contract and Grant Manual, Chapters [15](#) and [16](#).
 - 3. [Sustainable Practices Policy](#).
 - 4. [DA 2100](#), Delegation of Authority—Execution of Purchase Contracts, Subcontracts, and Standard Purchase Orders for Materials, Goods, and Services to be Supplied to the University.
- B. UCD Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
 - 1. Section 290-70, Controlled Substances
 - 2. Section 330-05, Business Contracts.
 - 3. Section 330-11, Departmental Financial Administrative Controls and Separation of Duties.
 - 4. Section 350-05, Waste Prevention and Recycling.
 - 5. Section 350-19, Procurement and Use of Microscopes
 - 6. Section 350-20, Procurement and Use of Tax-Free Alcohol
 - 7. Section 350-22, Departmental Purchasing Cards.
 - 8. Section 350-24, Equipment Screening and Sharing
 - 9. Section 350-55, Care and Control of Equipment.
 - 10. Section 350-80, Disposition of Excess Property.
 - 11. Section 350-90, Employee-Vendor Transactions.
 - 12. Section 380-16, Conflict of Interest.
 - 13. Section 380-55, Acceptance or Offering of Gifts and Gratuities by University Employees.