

UC Davis Policy and Procedure Manual

Chapter 350, Supplies and Equipment

Section 21, Departmental Purchase Delegations

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I. Purpose

- A. The campus and UCDHS Purchasing Departments have redelegated to departments portions of their authority to issue official orders for University procurement action. This section describes those delegations under which a department may make purchases directly from a vendor, using a Departmental Purchase Order, Repair Order, UCD Buy, or Purchasing Card. Also covered is the use of petty cash funds for purchase of supplies. Refer to Section 350-10 for University policy on procurement authority and prohibited purchases. Section 350-25 describes procedures for purchasing goods and services through the campus or UCDHS Purchasing Department.
- B. Campus departments accomplish their departmental purchasing through the UC Davis Financial Information System (DaFIS) or a Purchasing Card. The UCDHS Purchasing Department prepares and releases Purchase Orders for the majority of UCDCM departments. Certain UCDCM departments, with a specific written delegation of authority, are authorized to make departmental purchases directly from vendors. Questions regarding UCDCM departmental purchase order delegations should be directed to the UCDHS Purchasing/Materiel Manager (916-734-2475). UCDCM departments that have a written delegation must comply with the policy and procedure outlined herein.

II. Responsibility for Departmental Purchase Transactions

- A. The department head is responsible for ensuring that requirements and restrictions governing direct purchase delegations are followed. Failure to comply with such requirements and restrictions may result in cancellation of a department's direct purchasing privileges.
- B. When making direct purchases, departments should evaluate what comprises the total cost of an item. Components to be considered include the costs of processing invoices and checks, personnel time, shipping, and any travel involved to make such a purchase.
- C. The University is committed to a program that seeks out and encourages small business enterprises to become suppliers of the University consistent with basic purchasing policy. (See Section 350-10.) The department head is responsible for ensuring that these sources are given every opportunity to participate when departments are purchasing supplies directly. Contact the appropriate Purchasing Department for sources.
- D. To avoid any appearance of favoritism, no University officer or employee may accept any gift or gratuity from any vendor representative that is offered or reasonably appears to be offered because of the University position held by the officer or employee. Accepting gifts or gratuities from vendor representatives for individual enrichment is prohibited. (See Section 380-55.)
- E. University credit, purchasing power, and facilities may not be used to purchase goods or services for individuals or for non-University activities. (See Section 350-10.)
- F. University employees may not make or participate in any departmental purchasing decision that places them in a conflict of interest between their official University duties and any other interest or obligation. University employees who have a personal business relationship with or financial interest in (including that of a near relative) or who have received or anticipate receiving gifts, honorarium, or research grants from a vendor under consideration must disclose the conflict of interest and remove themselves from the decision-making process. It is the policy of the University to separate an employee's University and private interest and to safeguard the

University and its employees against charges of favoritism in the acquisition of goods and services. (See Section 380-16.)

- G. When making direct purchases, departments may not solicit rebates from vendors. Rebates are incentives offered by a vendor to provide additional consideration or compensation to encourage the purchase of goods and/or services from that vendor. Examples of rebates include but are not limited to cash, credit toward future purchases, free goods (including food and beverages), and coupons. Unsolicited rebate offers must be submitted in writing to the Director of Materiel Management for campus departments, or to the UCDHS Purchasing/Materiel Manager for Medical Center departments, for approval prior to acceptance. Authorized rebates are the property of The Regents of the University of California and are used to offset the expense incurred to generate the rebate. Rebates to the University may not be used for personal or non-University purposes.
1. Approved cash rebates. Departments must instruct vendors to make cash rebate checks payable to The Regents of the University of California and to reference the applicable Departmental Purchase Order number and/or contract number on the remittance advance or directly on the check. All rebate checks must be immediately mailed or delivered directly to the campus Cashier's Office, or to the UCDMC Cashier's Office for hospital-based departments. Cash rebates associated with approved vendor rebate accrual accounts must be mailed according to the schedule stipulated in the associated blanket purchase order or contract. Such rebates are deposited in the appropriate account and fund that generated the rebate.
 2. Approved credits. Departments must instruct vendors to reference the applicable Departmental Purchase Order number or blanket purchase order number on all credit memos and correspondence. Unless otherwise specified in an approved blanket purchase order or contract, departments should minimize rebate credits held by vendors by immediately utilizing such credit memos (a) to offset the most recent invoice from the vendor, (b) through the purchase from the vendor for like supplies and/or services, or (c) by requesting the vendor to return the credits to the University as approved cash payments. A Purchase Requisition must be submitted to the campus or UCDHS Purchasing Department when requesting a purchase of inventorial equipment using rebate funds held by a vendor. (UCDMC departments must follow the UCDHS Hospital Policies and Procedures Manual Sections 2211 and 2217 regarding the purchase of capital "inventorial" equipment.)
 3. Approved free goods (including promotional items) and services. Any free goods are the property of The Regents of the University of California. Free goods and services must be clearly itemized on the purchase order or contract and specified as "no charge." Items of a personal nature (refer to Sections 350-10 and 380-55) offered to the University or a University employee should be discouraged. If received, these items and other unusable items must be declared excess to the University's needs and sent to the Bargain Barn for sale. Sale proceeds of unusable items will be credited to the account that incurred the expense that resulted in the free goods. (See Section 350-80.)
 4. Approved coupons. Coupons must be attached to the Departmental Purchase Order at the time of purchase. Coupons for inventorial equipment purchases must be mailed or faxed to the campus or UCDHS Purchasing Department as attachments to a Purchase Requisition. (See Section 350-25.)
- H. Purchasing, receiving, and financial reports reviewing duties must be separated so that one person's work routinely serves as a complementary check on another's work, and no one person has complete control of a purchase transaction (see Section 330-11). This includes the following:

1. An individual other than the person who placed or approved the order shall certify that the items ordered were received. If the purchasing unit is too small to provide an independent confirmation of receipt, the person who placed the order may perform this step.
2. An individual other than the person who approved an order shall review purchasing documents to verify that the expenditures listed on the DaFIS Transaction Listing (PDQ2) are valid. This verification includes reviewing purchasing documents to ensure the following minimum requirements are met:
 - a. The expenditure is described in sufficient detail on at least one document (vendor invoice, packing slip, etc.). "Miscellaneous supplies" is not sufficient.
 - b. There is evidence that the items sold by the vendor were actually received.
 - c. The expenditure is appropriate, both in general terms and with regard to the specific fund source used. Although administrative personnel are not expected to understand exactly what technical items are to be used for, they should be able to identify questionable expenditures not relevant to research, and the like (e.g., computer game software, pet food supplies, etc.).

III. Types of Direct Departmental Purchases (DaFIS order types)

- A. Campus M3 and UCDCM blanket (primary supply and preventive maintenance agreement) purchases
 1. The campus M3 order type authorizes departments to purchase goods and services covered by supply and preventive maintenance agreements that have been designated for direct departmental purchase. Agreements available for departmental use may be accessed at <http://ucdmm.ucdavis.edu/dm3/agreements.cfm>, by using DaFIS Vendor Lookup screens, through UCD Buy at <http://ucdbuy.ucdavis.edu/ucdbuy.cfm>, or by accessing the DaFIS Departmental Purchase Order document. The agreement number is cited in the "agreement #" field on the Departmental Purchase Order document. (Refer to DaFIS User's Guide.)
 2. The UCDCM Purchasing Department issues blanket agreements from which authorized UCDCM departments may purchase. The UCDCM Purchasing Department sends authorized departments a list of M3 and blanket supply agreements.
 3. Goods and services covered by a mandatory supply or preventive maintenance agreement may be purchased only from the designated vendor. Authorization to purchase from a different vendor may be granted by the Davis campus Director of Materiel Management or the UCDCM Purchasing/Materiel Manager or their designees under the circumstances below. Price differential is not justification for circumventing mandatory agreements.
 - a. Emergency conditions--special delivery or quantity requirements that cannot be met by the agreement vendor.
 - b. Specification differences--differences so substantial that an item covered by the supply agreement does not fulfill the specific need.
 4. When utilizing preventive maintenance agreements, departments should ensure the replacement part costs are reasonable and competitive. Invoices should be closely scrutinized to ensure accurate charges. In addition, departments should establish recordkeeping procedures to:
 - a. Account for equipment added to or removed from service. (UCDCM departments must notify the UCDCM Purchasing Department when equipment on service agreements is removed from service.)

- b. Ensure that refunds are received, when appropriate, for irreparable equipment removed from prepaid maintenance. Refunds are credited to the account that incurred the expense.
 - c. Ensure that only authorized dealers and service technicians are called upon to repair equipment under warranty. Warranty repairs should be referred to the original vendor from whom the purchase was made.
5. Departments shall not negotiate with vendors to modify terms and conditions of any University supply agreement or preventive maintenance agreement.

Contact the Strategic Sourcing Program Representative in the campus Purchasing Department or the UCDHS Purchasing/Materiel Manager for further information on supply and preventive maintenance agreements.

B. U3 (published materials) purchases

1. The U3 order type authorizes campus departments to purchase the following items directly by citing "U3" in the "order type" field on the DaFIS Departmental Purchase Order document. (Refer to DaFIS User's Guide.)
 - a. Advertisements
 - b. Books
 - c. Educational films
 - d. Electronic media (e.g., CDs and diskettes) that do not require a license agreement to be signed
 - e. Film strips and slides
 - f. Government documents
 - g. Periodicals
 - h. Phonograph records
 - i. Prerecorded tapes (sound and video)
 - j. Reprints (does not include copying service)
 - k. Sheet music
 - l. Written tests/exams
2. UCDMC departments with a written delegation are authorized to purchase these same materials under their delegation without using the D-U3 purchase order type designation. UCDMC departments without a written delegation may purchase the above items directly by completing a Check Request (Non-Payroll), Form U5 (Calcode 71443-127), and attaching a signed vendor preprinted order form with pricing information. The approved Check Request and signed vendor preprinted order form must be routed to UCDHS Accounts Payable for submission to the vendor.
3. Campus and UCDMC departments are not authorized to sign license agreements (e.g., software and electronic media licenses) for such purchases, regardless of cost. Any licensing agreement requests from vendors must be routed to the appropriate Purchasing Department as an attachment to a Requisition (PR) document. (See Section 350-25.)
4. Before making a U3 purchase, campus departments must verify that the price is reasonable and is no more than the price charged to other educational institutions. Documentation to support this must be retained along with the purchase records for the full retention period.

C. OV (open vendor) purchases

1. The open-vendor authorization permits campus departments, and UCDCM departments with written delegations, to purchase low-value, noninventorial supplies directly. "OV" is the order type to cite in the "order type" field on the DaFIS Departmental Purchase Order document. (Refer to DaFIS User's Guide.)
2. The total dollar value of OV orders issued by a campus department or by a UCDCM department with a written delegation may not exceed \$4,999 (including tax, freight, and handling charges) per vendor per day. OV purchases shall not be artificially divided to remain under the \$4,999 limit. If a department determines that there is a continuing need for a product, a commodity blanket should be initiated. (See III.D, below.)
3. OV orders may be used only to obtain supplies and expense items including short-term equipment rentals (duration of 31 days or less) and miscellaneous off-campus services not restricted in C.7, below. Departments are not authorized to sign vendor agreements including revolving credit card or other credit applications. Any rental or service agreement requests from vendors must be routed to the appropriate Purchasing Department for approval and signature.
4. OV orders should request issuance of a Material Safety Data Sheet (MSDS) directly to the end user for any material ordered that might contain hazardous substances. For campus departments, this can be accomplished by citing commodity code "MSDS" on the Departmental Purchase Order. (Refer to DaFIS User's Guide.)
5. OV orders are not to be used for repetitive purchases. A DaFIS Requisition (PR), blanket request requisition type, must be submitted to the Purchasing Department whenever a department spends more than \$50,000 annually for repetitively used commodities that could be obtained from a single supplier. (See III.D, below, and Section 350-25.) A commodity blanket will not be established for less than an annual \$10,000 spend unless fixed pricing or special terms and conditions are required.
6. OV orders shall not be used to purchase items (except office furniture purchases under \$500) that are available under any mandatory purchasing agreement (<http://ucdmm.ucdavis.edu/dm3/agreements.cfm>) or UCD Buy (<http://ucdbuy.ucdavis.edu/ucdbuy.cfm>), or items requiring administrative approval (see Special Conditions Commodities at <http://dafis.ucdavis.edu/help/whatisit/commodity.cfm?opt=4>).
7. OV orders may not be used to obtain the following, regardless of cost. These items must be purchased on a DaFIS Requisition (PR):
 - a. Animals (live laboratory and other) or primate tissue
 - b. Building (construction) materials, services for repairs/modifications, or leased space
 - c. Catering and food-related services (use the Entertainment Expense document; UCDCM departments must have prior approval of the UCDCM Purchasing/Materiel Manager)
 - d. Charters (air, land, or sea)
 - e. Computer software that requires license agreements to be signed (does not include registration cards or software compliance agreement that is activated upon installation)
 - f. Electrical supplies and equipment (including refrigerators and freezers) restricted per Section 290-85
 - g. Employee-vendor transactions

- h. Equipment maintenance that requires an agreement to be signed and repair services
 - i. Food service equipment
 - j. Furniture purchases exceeding \$500 (see Section 350-27)
 - k. Hazardous materials
 - l. Inventorial equipment, including firearms (see Section 350-50)
 - m. Items designated as U3 or RO purchases
 - n. Memberships (see Section 330-75)
 - o. On-site labor-related services of any kind (on-site includes University-owned, leased, or rented properties)
 - p. Personal items (see Section 350-10)
 - q. Personnel-type actions or services, including temporary staffing agencies, consultant services, and independent contractors
 - r. Postage
 - s. Precious metals
 - t. Real property rentals of facilities, storage space, etc.
 - u. Rentals of equipment for more than 31 days (see III.C.3, above) (UCDMC rentals must have prior approval of the UCDHS Purchasing/Materiel Manager)
 - v. Respiratory protection equipment (Section 290-50)
 - w. Scuba and underwater diving apparatus
 - x. Services or materials that are available at a lower total cost (see II-B, above) through a UCD service (e.g., Repro Graphics, Central Storehouse)
 - y. Specially controlled items, such as ethyl alcohol, narcotics or dangerous drugs, radioactive materials, and chemical carcinogens
 - z. University travel and related meal and entertainment expenses
- D. Purchasing blankets (D3 order type)
1. A commodity blanket is a purchase order established at the request of a department with a specific vendor for particular supply and service commodities at firm prices during a stated period of time or with an established basis for price changes. This allows the department to make direct purchases of items for which there is a continuing need via the Departmental Purchase Order. The Davis campus or UCDHS Purchasing Department will consider order frequency, total dollars, the department's purchase delegation, potential price advantages, etc., prior to establishing a purchase blanket.
 2. Requests for a purchasing blanket are made by submitting a Purchase Requisition. (Refer to Section 350-25.) The appropriate Purchasing Department then provides a blanket purchase order number, which is cited in the "agreement #" field on each Departmental Purchase Order document.
 3. When placing an order against an established purchase blanket for products that might contain hazardous substances, departments should request issuance of an MSDS directly to the end user. For campus departments, this can be accomplished by citing commodity code "MSDS" on the Departmental Purchase Order. (Refer to DaFIS User's Guide.)

4. Departments shall not negotiate with vendors to modify the terms and conditions of any purchasing blanket. Any change to a purchasing blanket must be requested from the appropriate Purchasing Department by initiating a Change Purchase Order/Business Agreement (CO) document in DaFIS. Annual renewals and/or extensions shall be requested via the Purchase Requisition process at least 30 days prior to expiration. (Refer to Section 350-25.)
- E. RO (repair order) transactions
1. The RO order type permits departments to make direct arrangements with a vendor (usually the manufacturer) for repair (not to exceed \$4,999) of equipment when repair service is not available through UCD services or through established maintenance agreements. Campus departments use the DaFIS Department Repair Order document (refer to DaFIS User's Guide) for this purpose; UCDMC departments with a written RO delegation use the UCDMC Eclipsys System to place RO orders. All departments should obtain cost estimates in advance of any repair.
 2. If repairs are to be performed on site, departments must assure that the vendor's insurance data are on file in the appropriate Purchasing Department. This information can be viewed using the DaFIS Vendor Lookup screen. An error message will be issued in the Departmental Repair Order document if the required insurance information for the selected vendor is not on file. Contact the Davis campus Purchasing Department (530-747-3850) or UCDHS Purchasing Department (916-734-2475) for insurance information.
 3. UCDHS departments with equipment located at UCDMC should refer to UCDHS Hospital Policies and Procedures Manual Sections 2242, 2245, and 2248 for additional policies and procedures regarding patient care and research equipment use and maintenance.
- F. Purchasing card
- The purchasing card is a corporate charge card used for the sole purpose of purchasing noninventorial supplies authorized for departmental purchases (DaFIS order types M3, U3, OV, and D3). Purchasing cards cannot be used by UCDHS department. See Section 350-22.
- G. Petty cash funds
- A limited amount of University cash may be entrusted to a department head or other designated custodian for the purchase of supplies not exceeding \$100 per transaction with any one vendor in a day. Policy regarding establishment and use of petty cash funds can be found in Section 330-45.

IV. Departmental Purchase Procedures

The procedures below are for Davis campus departments when placing a Departmental Purchase Order or Departmental Repair Order via DaFIS. These procedures do not apply to UCD Buy or Purchasing Card transactions. UCDMC delegated departments are required to use the UCDMC Eclipsys System procedures for placing departmental purchase orders. Refer to the UCDMC Training Guides or contact UCDHS Purchasing (916-734-2475) for information.

- A. The department completes Departmental Purchase Order or Departmental Repair Order document in DaFIS. (Refer to DaFIS User's Guide.)
- B. When placing order for materials that might contain hazardous substances, the department requests vendor to supply copy of current MSDS to end user at time of shipment by citing commodity code "MSDS" on Departmental Purchase order. (Consumer products packaged for distribution to and use by the general public are exempt from the MSDS requirement. Refer also to Section 290-27.)
- C. Fax or mail printed Departmental Purchase Order or Departmental Repair Order to vendor.

- D. Prior to placing an order by telephone, complete a DaFIS Departmental Purchase Order or Departmental Repair Order and provide the number to the vendor. The completed Departmental Purchase Order or Departmental Repair Order will serve as record of transaction and allow for vendor invoice payment.

V. References and Related Policies

- A. Business & Finance Bulletin BUS-43, Materiel Management, revised 2/5/04 (<http://www.ucop.edu/ucophome/policies/bfb/bus43.html>).
- B. Office of the President: Delegation of Authority--Execution of Purchase Contracts, Subcontracts, and Standard Purchase Orders for Goods and Services to Be Supplied to the University (DA 2100), 6/11/98 (<http://manuals.ucdavis.edu/PublicSearch.aspx>).
- C. DaFIS User's Guide.
- D. UCD Policy and Procedure Manual (<http://manuals.ucdavis.edu/PPM/about.htm>):
 - 1. Section 290-27, Hazardous Substances Communication Program.
 - 2. Section 290-50, Protective Clothing and Equipment.
 - 3. Section 290-85, Electrical Safety.
 - 4. Section 330-11, Departmental Financial Administrative Controls and Separation of Duties.
 - 5. Section 330-45, Petty Cash Funds.
 - 6. Section 350-10, Procurement Authority.
 - 7. Section 350-22, Purchasing Cards.
 - 8. Section 350-25, Procurement Through the Purchasing Department.
 - 9. Section 350-50, Classification of Inventorial Equipment.
 - 10. Section 350-75, Fabrication and Modification of Equipment.
 - 11. Section 350-80, Disposition of Excess and Surplus Property.
 - 12. Section 380-16, Conflict of Interest.
 - 13. Section 380-55, Acceptance or Offering of Gifts and Gratuities by University Employees.