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Title:	Purchasing Program
Current Effective Date:	2/05/07

PURPOSE

The purpose of the purchasing program in the Division of Public Health (DPH) is to ensure the effective and efficient procurement of resources needed to carry out the DPH mission. Effectiveness is demonstrated through the quality of the goods received, satisfaction of the specifications, and proficiency in meeting the procurement process requirements. Efficiency is measurable in timeliness and cost effectiveness.

Summary of the Purchasing Process

The following is a brief synopsis of the primary activities in the purchasing process. The detailed steps are outlined later in the document.

1. Initiation of purchase requests and approval of the requests are the responsibility of the requesting Section/Branch.
2. Assigned staff within each Section process orders using the most appropriate procurement methods. E-procurement orders are approved by the DPH Central Purchasing Office. The requisitioner monitors requests until the delivery is received.
3. The receiver is specified on each order. The designated receiver validates that the items are properly received and arrive at the intended destination.
4. The Section/Branch authorizes payment.
5. DPH Business Office processes invoices and reconciles P-cards.

Primary Purchasing Roles

The description of primary purchasing roles forms the basis for designating staff in each Section/Branch to perform specific aspects of purchasing. Any delegations of authority must be documented in writing.

Initiator of a Purchase - This is the individual who begins the purchasing process for a particular good or service.

Approver of a Purchase - This is the individual approving the proposed purchase of the Initiator. The approver of a purchase may be a Branch Head or staff person granted such authority in writing by said Branch Head.

Requisitioner - This is the individual in the Section responsible for making method of purchasing decisions and processing the request for an approved purchase. This individual

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enters requisitions and tracks Purchase Orders in e-procurement. These individuals hold the P-cards for the non-Children's Development Services Agency (CDSA) DPH staff.

E-procurement Approver - This is the individual in the DPH Purchasing office who reviews and approves or returns DPH e-procurement requisitions.

Receiver - This is the individual who receives the physically delivered good which has been purchased. The receiver must be a different individual than the requisitioner and approver of the purchase.

P-card Reconciler - This is the individual in the DPH Budget Office who is responsible for reconciling P-card purchases. This individual shall not be the holder of a P-card she/he is reconciling.

Staff Designations

Each Section assigns the individuals who will serve as requisitioners and as receivers for the Section/Branches. The Section must report the names of all assigned requisitioners and receivers to the DPH Purchasing Office. The same individual shall not function as both requisitioner and receiver. It is recommended that requisitioners from other Branches in the same Section serve as backup for requisitioners who may be absent on a given day. An individual backup for each requisitioner is not recommended since in such an arrangement, these backups would not be utilizing their purchasing skills on a regular basis and the potential for error would increase exponentially.

It is the responsibility of the Department of Health and Human Services (DHHS) Procurement staff to train these individuals to perform as DPH requisitioners, except those located in a CDSA. This training is critical to the success of the purchasing process, for it is necessary for the identified staff to be experts in purchasing policy and procedure. These staff must make decisions, make them with reasonable quickness, and have confidence their decision is correct.

DPH Purchasing Unit

The DPH Purchasing Office, as part of the Business Operations Branch of the Administrative, Local and Community Support Section, has oversight responsibility for all purchasing activity within the division. This Office serves as the point of contact for communications to the Department, and for problem resolution. The Office provides and maintains policies, procedures and forms needed in the Division to conduct purchasing activities. Staff within the unit review and approve all purchases in e-procurement, serve as requisitioners, provide technical assistance, training, compliance monitoring and problem resolution. The Office processes all Information Technology (IT) requisitions, subject to content review by IT staff.

There is a dotted line signifying supervision of all individuals performing purchasing functions to the Purchasing Unit Supervisor in the Administrative Local and Community Services Section

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and a bold line to the appropriate Program Manager in the Section for other tasks to be carried out by the individuals. The Purchasing Unit Supervisor participates in the development of all Job Descriptions and annual Work Plans, and participates in the over all Performance Review for the individuals performing the purchasing functions. The DPH Purchasing Unit is supervised directly by the Purchasing Unit Supervisor in the Administrative Local and Community Services Section.

Arrangements for CDSA Purchasing

The purchasing method for the CDSA's will not change from how it is currently operated with the exception of limiting the number of P-cards to any one CDSA. The maximum number of P-cards recommended for any one CDSA is 2.

In order to assure CDSA's are operating appropriately, especially with regards to P-cards, their records are audited periodically by appropriate Business Office staff.

Monitoring of Purchasing Performance

To ensure the success of the purchasing program, as few requisitioners as necessary should perform the purchasing function. To assure quality control for purchasing activities the DPH Purchasing Unit audits a sample of records for each Section/Branch at least quarterly. The findings are shared with Section and Division management. If there is an unusually high error rate in the work, more training will be provided the individual. After a reasonable period of time, should high error rates continue to be observed for the worker, the worker will be temporarily relieved of her/his purchasing responsibilities and completely retrained. Should an unreasonable level of errors continue, the worker will be removed from all purchasing activities in the DPH and another employee of equal or higher classification identified for that Branch or Section will take over purchasing responsibilities.

The Purchasing Process

Steps Followed for a Purchase Regardless of Method Utilized

Steps performed by the Purchasing Initiator

1. The first step to be taken prior to any purchase being made is for the initiator of the purchase to assure necessary funding is in place for the purchase to occur. Budgetary coding will be determined at this point.
2. A form meeting all purchasing requirements is available to all staff, and is to be used for all purchases. The form will be completed in detail signifying the item to be purchased. The form will be delivered manually or by email to the Branch Head or her/his designee requesting the purchase.

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Step performed by the Approver of the Purchase

3. The Approver (Branch Head or designee) will forward the hard copy or the electronic version of the form to the appropriate requisitioner. If email is utilized, the Approver will indicate in the email the purchase has been approved. If a hard copy is delivered, the Approver must have signed the form indicating approval of the purchase.

Step performed by the Requisitioner

4. Upon receipt of the form from the Branch Head, the appropriate requisitioner will determine which method of procurement is appropriate for the purchase indicated on the approved form. If the form is received electronically, the requisitioner will print the email and form, and maintain the information in an orderly fashion as it will be necessary to maintain purchasing information by month of the completion of the purchasing cycle. If a hard copy is received, the same type of orderly maintenance of the purchasing record must occur. Whether the purchase should be accomplished through E-procurement, utilizing a P-card, or via a Direct Payment will be of no concern to the individual(s) requesting the purchase. The requisitioner will make that decision.

Follow Steps 1 – 4 under Steps Followed for Purchase Regardless of Method Utilized

Step performed by the Requisitioner

5. If an item is to be purchased via P-card, appropriate vendor contact will be made by a requisitioner in the section/branch to purchase the item.

Step performed by the Vendor

6. The vendor will assure the item is delivered to the individual and location indicated on the purchasing form.

Step performed by the Receiver

7. An individual will be identified to be the receiver of the item to be purchased. This individual may not be the requisitioner or the individual approving the purchase due to the necessity of maintaining the separation of functions. When an item is received, the individual will examine the bill of lading or receipt to assure the items having been purchased are those being delivered. Upon making this determination, the individual will sign for the item. Arrangements for the delivery to the appropriate party will be made at that time. The bill of lading/receipt will be taken to the Approver.

Step performed by Approver

8. The Approver must sign the bill of lading/receipt having accompanied the item. The bill of lading/receipt will then be immediately forwarded to the Requisitioner.

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Steps performed by Requisitioner

9. The Requisitioner will make a copy of the bill of lading/receipt received from the Branch Head/Designee to be attached to the purchasing form approving the purchase. The Requisitioner will attach the information received from the Branch Head/Designee to the form initiating the purchase, and file such in a monthly folder signifying the month in which the purchase of the item began. The original of the approved purchasing form and the original of the bill of lading/receipt with all signatures will be forwarded to the P-card Reconciler within 3 working days.

10. Upon receipt of the P-card statement, the requisitioner will sign the statement and have the appropriate supervisor sign the statement. A copy of the statement will be maintained in the folder of the monthly P-card purchases. The original of the P-card statement will be forwarded to the Central P-card Reconciler.

Please note there is one central P-card reconciler in the DPH Budget Office for all non-CDSA sections/ branches in DPH.

Steps to be taken when P-card Purchase is Picked Up at Place of Business

There will be instances when a purchase will require pickup from a vendor to occur at a place of business. This shall be accomplished as follows:

Follow Steps 1 – 4 under Steps Followed for a Purchase Regardless of Method Utilized.

Step performed by Requisitioner

5. The requisitioner will contact the appropriate vendor to arrange for purchase. In addition, the requisitioner will inform said vendor of the DPH employee coming to her/his place of business to retrieve an item.

Steps performed by Individual Receiving Item

6. The staff receiving the item will have 2 forms of identification with her/him and present a standard DPH memorandum indicating said employee is authorized to receive the item for DPH.

7. The staff person will receive the item, sign the receipt indicating receipt of the item, and sign a statement supplied by the Central Purchasing Unit indicating she/he has received the item.

8. Upon return to the division, the receiver of the item will deliver the good to the appropriate individual and take the receipt for the good, the form authorizing the

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receiver to receive the item, and the statement signed by the receiver indicating receipt of the item to the Approver.

Step performed by Approver

9. The Approver must sign the receipt having accompanied the item. The entire package will then be immediately forwarded to the DPH Requisitioner.

Steps performed by Requisitioner

10. The Requisitioner will retain a copy of the approved package of information received from the Approver with the form requesting the purchase, in a monthly folder signifying the month in which the purchase of the item began. The original of the entire purchasing packet will be forwarded to the centralized P-card reconciler within 3 working days.
11. Upon receipt of the P-card statement, the requisitioner will sign the statement and have the appropriate supervisor sign the statement. A copy of the statement will be maintained in the folder of the monthly P-card purchases. The original of the P-card statement will be forwarded to the Central P-card Reconciler.

Steps to be Taken When Purchasing Utilizing E-procurement

Follow Steps 1 – 4 under Steps Followed for a Purchase Regardless of Method Utilized.

Step performed by Requisitioner

5. The requisitioner located in the Section will enter the item in E-procurement.

Step performed by Approval Staff in the DPH Purchasing Office

6. Approval staff in the DPH central purchasing office will review the item and forward the entry to the DHHS Procurement Office.

Step performed by DHHS Procurement Staff

7. Upon approval by DHHS Procurement Staff, a purchase order will be cut and sent to the appropriate vendor.

Step performed by Vendor

8. The vendor will send the good to the indicated location (with receiver noted when possible) as specified on the purchase order.

Step to be performed by the Receiver

9. An individual will be identified to be the receiver of the item to be purchased. This individual may not be the requisitioner or the approver of the purchase due to the necessity of maintaining separation of functions.

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When an item is received, the individual will examine the bill of lading or receipt and the packages delivered to assure the items having been purchased are those being delivered. Upon making this determination, the individual will sign for the item. The receiver will then assure the delivery of the item to the Appropriate Staff. The bill of lading/receipt will be placed in the possession of the Appropriate Staff.

Step performed by Initiator or Appropriate Staff

10. The staff having requested the item for purchase will assure satisfactory operation and in the case of equipment, will inspect the item. This must be accomplished normally, within 30 days of the good being delivered to the appropriate recipient of the item. After assuring the goods are functional, the bill of lading/receipt will be delivered to the Requisitioner.

Step performed by Requisitioner

11. The bill of lading/packing slip will be received by the Section's/Branch's requisitioner where the item will be received in E-procurement. At that point, reimbursement will occur to the vendor. The requisitioner will maintain a copy of the approved purchasing form and the bill of lading/receipt in a file indicating the month in which the purchase began.

In the Event of Error or Unusable Items

It is not the intent of this document to repeat the technical specifications of the E-procurement system manual. However, it should be noted that in the event of unusable items/damaged goods or incorrect product delivery to the Section/Branch, it shall be the responsibility of the requisitioner to work within the E-procurement system to resolve the situation as prescribed in the E-procurement user manual. These and other situations, which require special handling, will be fully addressed in the training to be provided.

Steps to be Taken When a Purchase is Performed Utilizing Direct Payment

Follow Steps 1 – 4 under Steps Followed for a Purchase Regardless of Method Utilized.

Steps performed by Requisitioner

5. Contact will be made with three (3) vendors to obtain bids for the good or service. (Copy of the three bids will be attached to the final invoice when submitted.)
6. A memorandum shall be composed and submitted to the successful bidder for the good or service to be purchased. The memorandum shall include a purchase order number, indicate price, date the good or service is to be purchased and other pertinent information.

Step performed by Vendor

7. Upon provision of the service, an invoice will be prepared and submitted to the appropriate program person.

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Step performed by Program Person

8. The program staff will submit the invoice to the Accounts Payable Unit in DPH Budget Office for authorization of payment.

Step performed by Accounts Payable Unit

9. The invoice will then be submitted to Accounts Payable in the Controller's Office for payment.

(All purchases made utilizing a Direct Payment method will be made in compliance with the memorandum received from Laketha Miller, DHHS Controller, dated February 21, 2006 regarding the processing of Direct Pay Invoices.)

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FORMS

State of North Carolina • DHHS • Public Health

Request for Purchase

Vendor: _____ **Date:** April 8, 2009
Vendor Address: _____ **PR #:** _____
City: _____ **Zip:** _____ **Pay Method:** Choose One
Vendor Phone: _____ **EP #:** _____
State Term Contract #: _____
Agency Specific Contract #: _____
Ship To: _____

Initiator: _____

Approved by: _____

If you need more items lines, please use Attachment A and type the subtotal in on this form.

Quantity	Measure Unit	Part Number	Full Description	Unit Price	Total Price
					\$0.00
					\$0.00
					\$0.00
				Subtotal:	\$0.00
			Enter Subtotal from Attachment A (if any)		
				Total:	\$0.00

Comments/Justification: _____

Account: _____ **Budget Code (Fund Rcc Frc):** _____ **Approved:**
Account: _____ **Budget Code (Fund Rcc Frc):** _____ **Approved:**

Funding Source: Receipt Appropriation

Documentation for Non-Contract Competitive Pricing:

- Equal to or less than \$750: P-card or direct pay.
- \$750+: Obtain one quote, enter in e-procurement, and forward to DPH Purchasing Office.

	1 st Vendor	2 nd Vendor	3 rd Vendor
Date of Quotes:			
Vendor Name:			
Amount Quoted:			
Quote Requestor's Name: _____			Phone No.: _____

