

Division of Public Health Administrative Manual

Chapter:	Purchasing
Title:	Purchasing Program
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PURPOSE

The purpose of the Division of Public Health (DPH) Purchasing Office is to provide quality control in expediting and processing procurements effectively and efficiently and to insure compliance with required State, Department and Division procurement policies, procedures and regulations. To accomplish this the DPH Purchasing Office administers oversight of all procurement activities performed by the Division.

The goal of the DPH Purchasing Office is to enable all DPH Programs to develop and manage procurement functions in accordance with policy and best practices to obtain goods and services in a timely, cost-effective manner ultimately resulting in more efficient and better services to the people of North Carolina.

The understanding and cooperation of all employees is essential to the Division of Public Health (DPH) to obtain the maximum value for each tax dollar spent.

POLICY

Purchasing Goals

- To comply with the legal requirements of public purchasing and procurement;
- To assure impartial and equal treatment to all vendors who wish to do business with the State;
- To receive maximum value for each dollar spent by awarding purchase orders to the lowest responsible and responsive bidder, taking into consideration quality, performance, technical support, delivery schedule, past performance and other relevant factors;
- To provide your customers (DPH Employees) with the required items, commodities and services at the time and place needed and in the proper quantity and quality;
- To assist in the search for sources of supply, development of new sources, selection of suppliers, negotiations, commitment, follow-up and adjustments;
- To promote good and effective vendor relations, cultivated by informed and fair buying practices, by strict maintenance of ethical standards, and by courteous dealings with all vendor representatives.

As purchasers we are entrusted by the taxpayers of this State to spend monies allotted to the Division in an efficient and effective manner. To accomplish this, we must work jointly to promote and protect the fundamentals of fair and open competition upon which the State's purchasing program is built. In doing this, the integrity of our purchasing program, statewide will be maintained.

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ETHICS

Ethics and ethical practices are a major concern in the realm of public purchasing today. While laws and rules mesh to provide a mechanism for public purchasing, only people can make it work. In purchasing, as in all fields, there are values, standards, ideals, and specific requirements of conduct and performance. Impediments to the process must be detected early and safeguards provided at all levels. This applies both to purchasing personnel and the vendor community. It is imperative, therefore, that all public purchasing personnel be entirely cognizant of the necessity for ethical behavior. It takes only the slightest hint of impropriety to cast doubt on behavior. Sometimes, it may be even more of a perception than an actual event.

INTEGRITY

Fairness and impartiality in all phases of the process are an essential ingredient in public purchasing. Dealings with vendors and peers must be open, honest, and objective. Like all service functions, purchasing's justification is the quality of the service it renders. The process cannot be both effective and self-serving; the two are incompatible. In the case of public purchasing, utmost fairness is required in expending public funds. The result of favoritism extended to either a user or seller is the same. The practice is not permissible. No matter how strongly a user may prefer a particular product over others, equivalent products must be given every reasonable consideration. We must commit and adhere to fair and open competition. Integrity is a principal stock in trade for the public purchaser. Integrity is manifested by fairness, openness, and impartiality and can be tarnished by even the slightest appearance of impropriety. Once this occurs, it is very difficult to regain.

RESPONSIBILITY

If any agency contracts for the purchase or lease of any commodities, printing or services contrary to statutes, or rules adopted there under, such contract shall be void and of no effect. In addition, the Executive Officer of that agency shall be personally liable for the costs thereof.

History Note for Ethics, Integrity, and Responsibility: [NC Purchasing Manual](#)

PURCHASING FROM OR THROUGH AGENCY EMPLOYEES

Every reasonable effort shall be made to avoid making purchase from or through employees of any agency. Prior written approval from the CIO or his designee shall consider the type of item or service needed, the prevailing market conditions, whether completion is available, the cost involved, and the effects of doing business with the employee

History Note: Authority G.S. 147-33.103(b)
Temporary Adoption Eff. January 1, 2000;
Eff. August 1, 2000.

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ROLES AND RESPONSIBILITIES

DPH Purchasing Office

The DPH Purchasing Office, as part of the Business Operations Branch of the Administrative, Local and Community Support Section (ALCSS), has oversight responsibility for all purchasing activities within the Division. The Purchasing Office serves as the direct point of contact for all communications to the DHHS, Office of Procurement and Contract Services (OPCS). The DPH Purchasing Office staff review and approve all purchases no matter the method of payment including NCAS, NC E-Procurement, Procurement Card (P-Card) and Direct Payment. The Purchasing Office staff provide technical assistance, training, compliance monitoring and problem resolution.

Monitoring of Purchasing Performance

To assure quality control for purchasing activities the DPH Purchasing Office audits a sample of records for each Section on a quarterly basis. If there is an unusually high error rate in the work, more training will be provided to the individual(s) and the findings are shared with Section and Division management. After a reasonable period of time, should high error rates continue to be observed for the individual, the individual 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 and another employee of equal or higher classification identified for that Section/Branch/Program will take over purchasing responsibilities.

Section Designations of Program Purchasing Representatives

Each Section is responsible for assigning individuals who will serve as the Program Purchasing Representative for each Program. **This information should be shared with the DPH Purchasing Manager immediately upon hiring to insure all new hires designated as Program Purchasing Representatives are set up for required procurement training within 30 days of hire date.**

All Program Purchasing Representatives that are exiting the Division must be closed out of the procurement application systems before their last working day. **Notification should be sent to the DPH Purchasing Manager immediately upon official resignation notice to allow enough time to assign open orders to other purchasing staff during the transition period and close out the employee from the procurement applications appropriately.**

The Program Purchasing Representative is responsible for the submission of Purchase Requests and any required supporting documentation on behalf of the Program as well as having access to the purchasing tools and resources necessary to perform the required purchasing duties which include: NC E-Procurement Purchasing System; Procurement Card; North Carolina Accounting System (NCAS); and Xtnd Reporting System. It is recommended to assign a backup support person to perform these purchasing functions in the absence of the designated Program Purchasing Representative.

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IMPLEMENTATION

Training

The Purchasing function in the Division is a vital element in the overall strategy of obtaining better value for every tax dollar spent. Procurement training is fundamental to the success of the DPH purchasing operations, as it improves efficiency and productivity, which is crucial for organizational development and success. It is the responsibility of the DPH Purchasing Office to provide procurement training to all Division staff who have assigned purchasing related job duties. The DPH Purchasing Office offers instructor led training for the following procurement applications on a month to month basis:

NC E-Procurement: This course provides hands on computer training in the use of the E-Procurement System. This course reviews system navigation, how to create requisitions, requirements to execute a successful requisition, exploration of Statewide Term Contract catalog, creation of folders, searches and other special features and benefits.

Procurement Card (P-Card): This course provides cardholders and cardholder supervisors hands on training for DHHS and DPH Procurement Card requirements, expectations, policies and procedures. This course is a requirement for cardholders and cardholder supervisors before distribution and activation of a procurement card can be implemented.

North Carolina Accounting System (NCAS) & Xtnl Basic Inquiry 101: This course provides hands on computer training in the use of the North Carolina Accounting System (NCAS). This course reviews system navigation in the Purchasing, Accounts Payable, General Ledger and Budgetary Control modules as well as Reporting. This course reviews how to use NCAS to inquire on purchase orders, vendor payments, available funds, budget exceptions, vendor information, encumbrances, expenditures, and how to run fiscal reports in X/TND. This course will also review the NCAS uniform chart of accounts and NCAS financial key structure.

All newly hired designated Program Purchasing Representatives should have required training for procurement applications completed within forty-five (45) days of their initial hire date. It is recommended all purchasing staff take refresher internal purchasing training on an annual basis to stay informed of any changes in the procurement policies and procedures.

Other Training Opportunities

The Department of Administration, Division of Purchase and Contract (P&C) is the central procurement authority that oversees purchasing for all state departments, institutions, agencies, universities and community colleges.

P&C offers "free" valuable training opportunities to employees of state agencies, community colleges, universities and Vendors interested in doing business with the state of North Carolina. These courses provide a broader overview of the procurement policies and procedures for purchasing goods and services not related to information technology.

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The DPH Purchasing Office highly recommends these courses for all purchasing staff. Registration for these courses is available through the NC Learning Center (Beacon).

- **NC Procurement** ó This course is a comprehensive overview of the procurement process for purchasing goods and services not related to information technology. This course includes basic principles of procurement, common terminology, ethics, procurement planning and development, best practices and so much more.

Please note: It is highly recommended for participants to take this class first before enrolling in other traditional, instructor-led course through P&C.

- **NC E-Procurement** - This course provides hands on computer training in the use of the E-Procurement System. This course reviews system navigation, how to create requisitions, purchase orders, exploration of Statewide Term Contract catalogs, creation of folders, save searches and other special features and benefits.

Please note: The NC E-Procurement course does not have a mandatory prerequisite. However, it is highly recommended to take NC Procurement before enrolling in this course.

State Term Contracts

The Department of Administration, Division of Purchase and Contract (P&C) bids items with high usage statewide or items specific to an agency; volume discounts play a part in this process.

- **Mandatory Statewide Term Contracts** ó All state agencies are **required** to purchase from the North Carolina State Term Contract unless that Agency has been granted an exemption.
- **Agency Specific Term Contracts** ó These contracts are developed for a particular agency because of their uniqueness to that Agency.

Current Statewide Term Contracts are listed on the P&C website in numerical order by contract number. There is a keyword search field available to search for items or commodities.

Statewide Term Contract Website: <https://ncadmin.nc.gov/statewide-term-contracts>

Term contracts are good for up to three years and may have amendments (changes) during the contract period so it is important to review at the bottom of the contract to see what amendments have been made (if any) after the initial contract was awarded. These may include additions or deletions of vendors, price changes, removal of items and/or extensions of the contract. It is very important to read all the terms and conditions of the term contract each time before an e-requisition or order is placed.

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REGULATIONS / ENFORCEMENT

Correction Enterprises

Per § 148-134. Preference for Division of Adult Correction of the Department of Public Safety products: All departments, institutions, and agencies of this State that are supported in whole or in part by the State shall give preference to Correction Enterprises products in purchasing articles, products, and commodities that these departments, institutions, and agencies require and that are manufactured or produced within the State prison system and offered for sale to them by Correction Enterprises.

Executive Order No. 24 Gifts to State Employees

As provided in G.S. 133-32, it shall be unlawful for any contractor, subcontractor, or supplier who;

- 1) Has a contract with governmental agency; or,
- 2) Has performed under such a contract within the past year; or,
- 3) Anticipates bidding on such a contract in the future,

to make gifts or to give favors to any officer or employee of a governmental agency who is charged with the duty of preparing plans, specifications, or estimates for public contract; or, awarding or administering public contracts; or, inspecting or supervising construction.

Executive Order No. 50 Enhanced Purchasing Opportunities for North Carolina Businesses

A price matching preference may be given to North Carolina resident bidders on contracts for the purchase of goods. A resident bidder is a bidder that has paid unemployment taxes or income taxes in this State and whose principal place of business is located in this State.

This preference will allow a qualified North Carolina resident bidder to match the price of the lowest responsible nonresident bidder, if the North Carolina resident bidder's price is within five percent (5%) or \$10,000, whichever is less, of the nonresident bidder's price. If the resident bidder requests and qualifies for the price-matching preference, the resident bidder will first be offered the contract award and it will have two (2) business days to accept or decline the award based on the lowest responsible non-resident bidder's price.

Executive Order No. 60 Contracts Awarded in the Best Interest of the State

The Secretary of Administration and the State Chief Information Officer are responsible for oversight of purchasing or, respectively, goods and services and information technology-specific goods and services for the State. The Secretary of Administration is required by law to award contracts based on competitive bidding which includes evaluation of price and may include other factors such as quality, vendor performance, and any other factors deemed to be in the best interest of the State. The State Chief Information Officer is required by law to award information technology contracts based on the Best Value procurement law which requires the best trade-off between price and vendor performance, considering multiple factors such as quality, total cost of ownership, technical merit, vendor's past performance,

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timeliness, and compliance with industry standards, information technology security, and any other factors deemed to be in the best interest of the State.

The Secretary of Administration and the State Chief Information Officer (SCIO) shall adopt policies and procedures consistent with their oversight authority to address the use of state contracts that will be performed totally or partially offshore, in consideration of the purpose of this Order, the requirements of North Carolina laws and regulations regarding contracting and procurement and the best interests of the citizens of the State, as well as federal and international laws.

Executive Order No. 150 Support of HUB

As a result of Executive Order 150, issued by the Governor, the Office of Historically Underutilized Businesses (HUB) was established to encourage increased participation by the Minority, Women and Disabled Business Enterprises in the State's procurement process. The program name changed from Small Business Program to Historically Underutilized Business Program (HUB) to better reflect the intent of this statewide program. All subdivisions and agencies of the State authorized to use the services of DOA in the purchase of materials, supplies and equipment are required to report the amount of purchases made through these identified HUBs (women, minority and disabled businesses) to the DOA Office of Historically Underutilized Businesses.

Executive Order No. 156 Sustainability

Executive Order 156, issued a challenge to State Government to set an example of environmental stewardship in the way we conduct our operations and our businesses. Employees should strive to minimize the environmental impacts by responsible purchasing and demonstrate leadership in buying recycled and environmentally preferable (EP) products.

Purchase & Contract Administrative Code

Website: <http://reports.oah.state.nc.us/ncac.asp?folderName=%5CTitle%2001%20-%20Administration%5CChapter%2005%20-%20Purchase%20and%20Contract>

NC General Statute Article 3 Purchases and Contracts § 143-48

Website: http://www.ncleg.net/EnactedLegislation/Statutes/PDF/ByArticle/Chapter_143/Article_3.pdf

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DPH Purchasing Thresholds

\$0.01 – \$750.00

DPH has a delegation of \$750.00. Therefore, DPH has authorization to make small purchases under the DPH delegation of \$750.00 or less for goods or services via Procurement Card (P-Card) for commodities allowable under the P-Card Policy. (See DPH P-Card Policy Manual to determine allowable commodities via P-Card).

\$750.01 - \$2,500.00

Purchases for goods or services \$750.01 up to \$2,500.00 must be submitted as an electronic requisition via the NC E-Procurement Purchasing System. One (1) quotation is required however three (3) quotations are preferred.

\$2,500.01 – \$5,000.00

Purchases for goods or services \$2,500.01 up to \$5,000.00 must be submitted as an electronic requisition via the NC E-Procurement Purchasing System. Three (3) quotations are required.

\$5,000.01 - \$10,000.00

Purchases for goods or services \$5000.01 up to \$10,000.00 must be submitted as an electronic requisition via the NC E-Procurement Purchasing System. One (1) quotation is required. DHHS OPCS will submit an eQuote or RFQ to seek competition.

\$10,000.01 - \$25,000.00

Purchases for goods or services \$10,000.01 up to \$25,000.00 must be submitted as an electronic requisition via the NC E-Procurement Purchasing System. One (1) quotation is required. DHHS OPCS will seek competition via IPS (Interactive Purchasing System). (approximately 60-day process)

\$25,000.01 & Over

Purchases over \$25K must be submitted as an electronic requisition via the NC E-Procurement Purchasing System. One (1) is quotation required. All purchases over \$25K are submitted to Department of Administration (DOA), Division of Purchase & Contract (P&C) to seek competition (approximately 60-90-day process).

Exceptions to the Rule

- All IT commodities ***“no matter the dollar amount”*** must be submitted as an electronic requisition via the NC E-Procurement Purchasing System.
- If purchasing from another State Agency, you do NOT have to seek competition. Only one (1) quotation is required.

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Purchase Request Form Process

1. Customer (Program)

Initiation of purchase requests are the responsibility of the requesting Program. Each program within the Division has a designated **Program Purchasing Representative**.

Programs must identify procurement need and work directly through its designated Program Purchasing Representative (PPR) to complete a [DPH Purchase Request \(PR\) Form](#).

The Program Purchasing Representative will submit completed form and required justification documentation to the Program Manager or Operations Manager for signature approval. The Program Manager or Operations Manager must approve (sign) the PR Form which validates funds have been identified, authorized, budgeted and committed for purchase at the program level.

Once Program signature approval is obtained the Program Purchasing Representative will submit the PR Form along with any required documentation to the DPH Central Purchasing Office electronically to: SVC_DHHS.DHPurchasing@dhhs.nc.gov

2. DPH Central Purchasing Office

All Purchase Request (PR) Forms are printed, date stamped (with today's date), logged and assigned a tracking number into an internal tracking spreadsheet located on the DPH Central Purchasing Office shared drive. The Purchasing Office tracks and monitors the movement of each PR Form through the routing and approval process.

3. DPH Purchasing Manager

The DPH Purchasing Manager reviews each request for accuracy and insures all procurement policies and procedures are met. If information is missing or request is denied the Purchase Request is returned to the DPH Program Representative as denied until all required information is obtained.

4. DPH IT Administrator

All Purchase Request for Information Technology (IT) commodities are routed to the DPH IT Administrator for review and approval. The DPH IT Administrator must approve all IT requests no matter the dollar amount. NOTE: Any Purchase Request for IT commodities that have the capability to connect or will connect to the network require a [DIRM Form](#).

5. DPH Budget Office

Purchase Request are submitted to the DPH Budget Office for budget approval. The DPH Budget Officer validates funds have been identified, authorized, budgeted and committed for purchase. If funds are not

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available, the Purchase Request is put on hold until funds are identified and funding becomes available. All approved or denied Purchase Requests are routed back to the DPH Purchasing Office.

6. DPH Central Purchasing Office Representative

When Purchase Requests are returned from the DPH Budget Office each request is logged into the DPH Purchasing Office tracking spreadsheet. The approved or denied Purchase Request is scanned back to the DPH Purchasing Representative along with communication as to how to proceed with the request. Dependent upon the procurement method (E-Procurement, Procurement Card or Direct Pay) determines how the order is processed.

Approved Procurement Card (P-Card) Purchase (\$750 or less)

- 1) If authorized good(s) or service(s) is to be purchased via P-Card, the cardholder may place the order via online or telephone. **Only the cardholder has authorization to place orders using the P-Card.**
- 2) Once the order is placed, the cardholder is required to insure delivery of the good(s) or service(s) is fulfilled. It is recommended the cardholder obtain an estimated delivery date and monitor delivery status. **Any delay of delivery should be reported to the DPH Procurement Card Administrator.**
- 3) To validate delivery, the cardholder must obtain the **original packing slip** and confirm all items and services have been delivered or completed. The cardholder must **SIGN** and **DATE** the original packing slip and attach to the approved Purchase Request Form.
- 4) The cardholder should obtain an **original invoice** from the vendor and attach the **original signed/dated packing slip** along with the approved Purchase Request Form to the **original invoice**.
- 5) The cardholder must affix the **DPH P-Card Coding Label** on the **original invoice**, code and sign the invoice.

DPH PROCUREMENT CARD PURCHASE	
Location Code: 2B02	
Account: _____	Amt: \$ _____
Center: _____	
Account: _____	Amt: \$ _____
Center: _____	
P-Card Holder: <TYPE NAME HERE>	
Approved By: <TYPE NAME HERE>	

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NOTE: When signing the invoice, be sure to sign the invoice (not the label) and make sure all signatures are legible. Any signatures that are non-legible will be returned for re-signage.

- 6) Cardholder must forward **original coded invoice** including required supporting documentation to the approving Supervisor within 2-3 business days of delivery. The Supervisor has 2-3 business days to approve the invoice with their legible signature on the invoice (not the label). That is a total of 6 business days to obtain required signatures.
- 7) Once **original invoice** is fully approved by the approving Supervisor the cardholder should **make a copy of all documentation for record and immediately forward the original invoice along with all required original supporting documentation to the DPH P-Card Administrator.**
- 8) P-Card records must be kept in an accessible location for internal/external audit requests.
- 9) Each cardholder will receive a monthly bank statement of his/her account, if charges are made for that particular month. The cardholder must submit the statement to the approving Supervisor within 2-3 business days of receipt. The Supervisor should approve the statement with signature and date. **Cardholder must keep a copy for record and immediately forward the original signed statement to the DPH P-Card Administrator.** There shall be no undocumented transactions; all valid transactions must have itemized receipts.

NOTE: Any transaction(s) listed on the statement not made by the cardholder should be reported to the Supervisor and notify the DPH P-Card Administrator for dispute resolution.

- 10) Do not submit P-Card invoices for reconciliation in batches at the end of the month. It is imperative all **original P-Card invoices and supporting original documentation** is submitted to the DPH P-Card Administrator **within 6 business days of delivery.** This will allow adequate time for the DPH Purchasing Office to audit transactions to insure all required documentation is accounted for before submission to the DHHS Controller's Office for reconciliation.
- 11) All reconciliation of P-Card transactions is administered by the DHHS Controller's Office no later than the 7th of each month. After reconciling in NCAS, the reconciler will sign the invoice and file by cardholder name. When the monthly statement for the cardholder is received, the reconciler will attach all receipts matching the statement and file for a period of five years in an accessible place.
- 12) If a receipt is lost, the cardholder must work with the vendor to obtain a copy. If the receipt cannot be obtained from the vendor, the cardholder must complete a **Transaction Reconciliation Form** to the Supervisor for approval of the transaction for payment and forward to the DPH P-Card Administrator for approval. The cardholder must indicate attempts to retain a copy of the receipt. The reconciler may use the document to reconcile when signed by the cardholder, approving supervisor, DPH P-Card Holder and DPH Purchasing Manager.
- 13) All **original P-Card documentation** is maintained within the DPH Purchasing Office for audit purposes.

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Approved E-Procurement (EP) Purchase (\$750.01 and above)

- 1) If authorized good(s) or service(s) is to be purchased via E-Procurement, the Program requisitioner will submit a requisition for review and approval in the E-Procurement System.
- 2) The requisitioner must attach all required approved supporting documentation as **separate attachments** to each requisition:
 - Approved Purchase Request Form
 - Approved DIRM Form (if applicable)
 - NCAS Funds Availability Screen (BC-162)
 - Approved PA-2 Form (if applicable)
 - Valid Quotation (Not required for contract items pulled directly from EP catalog)
 - Sole Source Waiver of Competition (WOC) Justification Memo (if applicable)
 - Sole Source Letter from Vendor (if applicable)
 - Brand Specific Waiver of Competition (WOC) Justification Memo (if applicable)
 - Equipment Maintenance Questionnaire (if applicable)
- 3) **Funding must be in place at the time of submission of requisition** or the E-Procurement System will reject the requisition due to insufficient funds.

Denied Requisitions

If a requisition is **denied** due to insufficient funds or failed pre-encumbrance (funding is not available) the E-Procurement System will automatically reject (deny) the requisition. Denied requisitions should be withdrawn to remove the requisition from denied status and **immediately notify the DPH Purchasing Manager and Budget Officer for resolution.**

- 4) All requisitions on behalf of DPH submitted via E-Procurement are submitted to the DPH Purchasing Manager's queue in E-Procurement for review and approval.

NOTE: Requisitions assigned an IT commodity are submitted to the DPH IT Administrator's queue in E-Procurement for review and approval in conjunction with the DPH Purchasing Manager.
- 5) Once the DPH Purchasing Manager and DPH IT Administrator (if applicable) have approved the requisition it is submitted for review and approval to the DHHS Office of Procurement and Contract Services (OPCS). The designated OPCS Staff (Buyer) assigned to each requisition varies dependent upon the commodity in which is assigned to the requisition.
- 6) The requisition review process varies depending on the dollar amount and complexity of the good or service being requested.
 - Anything between \$750.01 - \$10,000.00 can take up to approximately 10-30 days.
 - Anything between \$10,000.01 - \$25K is approximately a 30-45 day process.
 - Anything between \$25,000.01 is submitted, reviewed and administered by State P&C which is approximately a 60-90 day process.

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- 7) Upon final approval by DHHS OPCS Staff (Buyer), a purchase order will be executed and submitted to the appropriate vendor. It is recommended once the purchase order is executed in E-Procurement, the requisitioner contact the vendor to insure the vendor received a copy of the purchase order.
- 8) The requisitioner is responsible for tracking and validating delivery of good(s) and service(s). The **original packing slip** should be submitted to the requisitioner immediately upon delivery. The requisitioner is responsible for receiving in the order in the E-Procurement System. The DHHS Controller's Office cannot process the invoice for payment unless the order has been received in E-Procurement.
- 9) **All service purchase order invoices require a "live" signature.** The remit to address for E-Procurement purchase order invoices are defaulted to the DHHS Controller's Office mailing address.

In order to meet the live signature requirement for service purchase order invoices, a report is generated in Xtnd entitled "OSCOPF MM122-9 AP INV. APPROVAL". This report is monitored and distributed by the DPH Purchasing Office on a weekly basis to the program requisitioners. It is the responsibility of each requisitioner to review their report for accuracy which includes the following information:

- Is the purchase order (PO) number correct?
- Is the appropriate line(s) and amount(s) being invoiced correct (does it match the PO)?
- Is the account and center correct?
- Has the good or service been delivered and received both physically and in EP?

Once information has been validated, the requisitioner should sign and date report and scan to the DHHS Controller's Office.

- 10) Each requisitioner is responsible for insuring purchase orders are fully received and paid in full. The encumbrance report should be monitored on a weekly basis to track and monitor encumbrances (purchase orders) generated in EP.
- 11) If a purchase order has been paid in full and there is a remaining balance left on the purchase order (encumbrance report) an email should be submitted to the DPH Purchasing Manager requesting to close out the remaining balance of the purchase order.

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Approved Direct Pay Purchase

All purchases made utilizing a Direct Payment method will be made in compliance with the memorandum received from Laketha Miller, DHHS Controller, Dated November 9, 2010, regarding the processing of Direct Pay Invoices.

1) **In the following cases, direct payment is routinely expected and authorized payments do not require justification. However, an authorized signature is required:**

- Purchases of fuel, utilities (including power, gas, water, sewage treatment, telephone, pagers & cell service, etc.)
- Payments arising from litigation and legal settlements.
- Insurance
- Payments to other government agencies (including state universities) not covered under a contract.
- Medical payments for clients not covered under a contract (i.e. enrolled providers, emergency doctor visits, etc.)
- Medicaid payments made to providers.
- Adoption agencies (not covered under a contract).
- Personal services for interpreters (not covered under a contract).
- Temporary staffing agencies or personnel (not covered under a service contract).
- Travel or conference expenses not governed by employee reimbursement procedures.
- Non-routine recycling/shredding services (not covered under a contract).

2) The following purchases will need justification for payment from the **Division Director or division designee** before they can be processed as a direct pay. For this category the Divisions should obtain approval from OPCS and/or Property and Construction as required prior to submitting the invoice for payment to the DHHS Controller's Office:

- Contracts that have expired or services incurred prior to a contract being put in place (OPCS approval of direct payment).
- NCAS Purchase Order or e-procurement purchase order that is closed with a zero balance (OPCS approval of direct payment).
- Cost incurred for construction, capital projects, renovation and/or lease expenses where the contract has expired (DHHS Property and Construction approval of direct payment).
- Division purchased a commodity or service over their delegation without a purchase order or contract (OPCS approval of direct payment).

3) In the following cases involving commodities or service purchases, direct payment or payment via departmental procurement card (if within approved delegation of \$750.00) is authorized. If the direct payment is over the approved delegation, then justification and approval from the **Division Director or a designee** are required.

- Postage and shipping charges not billed on POs (and post office or caller box rentals).

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- Emergency or pressing needs within agency delegations. An emergency situation is where if a purchase isn't made it will endanger lives, property, or the continuation of a vital program and which can be rectified only by this immediate on-the-spot purchase (or rental) of equipment, supplies, materials, printing, or contractual services.
 - Classified advertising, media buys, etc. (under division's delegation and not under contract).
 - Maintenance service agreements over agency delegation that is not on a PO in e-procurement or NCAS (for copiers, fax machines, etc.).
 - Purchase Orders that are closed but have dollars available, have a problem with quantity, and cannot be reopened.
- 4) The following will be based on the Office of State Budget and Management Budget Manual and the division business budget office internal procedures. The purchasing card should not be used for these type purchases, even if under division's delegation, unless prior approval is obtained through the P-Card Administrator, OPCS, and the DHHS Controller's Office. In the following cases direct payment is authorized.
- Snack food (meals) purchases for meetings, conference fees (hotel, food, room rental, etc.), training sessions, etc.
 - Subscriptions, courses; teleconferences over division delegation (which require advance approval in accordance with the division's internal approval process), or emergency or pressing needs not within agency delegations (for which the approval of the Office of Procurement and Contracting Services is also required).
- 5) **Printing remains a special category.**
- Routine printing or other services from DOC may be paid direct for purchases up to \$5,000.
 - Print orders or other services from DOC that exceed \$5,000 must be entered e-procurement and a PO issued.
 - Routine printing from university print shops may be directly paid or paid via p-card if within approved delegations.
 - Other printing from private commercial sources may be paid directly or via p-card if within approved delegations.
 - All other printing must be entered in e-procurement and a PO issued.
 - Pre-approval of documents intended for the public must be secured from DHHS Office of Communications and public documents must include cost per copy information.
 - Large print orders should be referred to DHHS Office of Procurement and Contract Services.

Document History

7/22/2006: Initial approval of procedure
2/05/2007: Revision
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