



PROCUREMENT OF GOODS & GENERAL (NON-P/T) SERVICES

POLICY FM017, EFFECTIVE 2016-06-16

POLICY STATEMENT

The Minnesota Department of Transportation fully adopts state policies issued by the Minnesota Department of Administration, Office of State Procurement (OSP) governing the authority for acquiring goods and general (non-P/T) services.

REASON FOR POLICY

- Ensure that MnDOT staff complies with applicable laws, policies and procedures.
- Establish and maintain a procurement process MnDOT employees must use to purchase goods and general (non-P/T) services.
- Establish internal controls that protect the agency and its employees. Reinforce compliance with the [MnDOT Code of Ethics Policy](#) and [Minnesota Statutes §43A.38](#) regarding the Code of Ethics for employees in the Executive Branch.

WHO NEEDS TO KNOW THIS POLICY?

- Buyers
- Transportation Materials Technicians
- Transportation Materials Supervisors
- Managers and Supervisors
- MnDOT employees who request or work with the procurement of goods and general (non-PT) services

DEFINITIONS

Authority for Local Purchase (ALP)

Authority for Local Purchase is a delegation from the Commissioner of the Department of Administration to individuals in agencies and state government to purchase certain goods and services. To obtain this delegation, an individual must attend the Department of Administration's certification class and pass a test. Prior to registration, MnDOT's Director of Materials Management must approve all requests. MnDOT's Director of Materials Management will set ALP authority levels within the agency.

SENIOR OFFICER

Tracy Hatch

Deputy Commissioner/CFO/COO

POLICY OWNER

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POLICY CONTACT

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POLICY HISTORY

1999-05-04, Established

2005-04-11, Revision 1

2016-06-16, Revision 2

[MnDOT Policy Website](#)

Blanket Purchase Order

The blanket purchase order is for annual recurring purchases involving a specific commodity or service when multiple payments are expected. The blanket purchase order is an entry process in SWIFT that establishes an encumbrance for multiple purchases and allows for multiple payments to one or more vendors. These orders are usually set at the beginning of the fiscal year anticipating the costs of a specified product or service need for the year.

Encumbrance

An amount of money set aside in an operating account for a specific obligation, using a purchase order or blanket purchase order.

EIOR

EIOR (Electronic Inter Office Request) is the electronic process used for the request and approval of a purchase.

Office of State Procurement (OSP) – Acquisitions Team

The Acquisitions team of the Office of State Procurement (OSP) supports the Commissioner of Administration's statutory responsibilities, [Minnesota Statutes Chapter 16C](#), to provide leadership and service to government entities in the acquisition of products and services in a socially and environmentally responsible fashion. The Acquisitions team is responsible for the efficient, timely and cost-effective delivery of products and services that will improve the quality and productivity of Minnesota government. The Acquisitions team has clientele that include state agencies, local units of government and acquisition professionals from other states.

Materials Management Section (MMS)

MMS, as part of MnDOT Office of Administration, provides leadership, direction, and policy development to the agency regarding, but not limited to, purchasing, consumable inventory, serves as a liaison between OSP and MnDOT, and the overall administration of the purchasing card program. The section also provides support and training for MnDOT's Electronic Inter-Office Requesting System (EIOR), Mobile Inventory Application, purchasing cards, and the Statewide Integrated Financial Tools (SWIFT).

Packing Slip

An itemized document of products or services received. Any of the following items constitutes a packing slip:

- Receiving reports
- Itemized invoices
- Substitute receipt report

Procurement

Procurement is the act of obtaining or buying goods and services and must be conducted in accordance with statewide policies, state statutes, rules and regulations on procurement. The process includes preparing and processing a purchase as well as the end receipt and approval of payment that often involves:

- Purchase planning
- Purchase approvals
- Standards determination
- Specifications development
- Supplier research and selection
- Value analysis
- Price negotiation
- Executing the purchase
- Contract administration
- Inventory control
- Disposals and other related functions

Purchasing Violation

A purchasing violation is any purchasing activity that does not adhere to state statute, this policy, or the procedures outlined in the statewide and department purchasing manuals, [MnDOT Business Manual](#) (*employees only*).

Remedy

Remedy is the electronic process used for the request and approval of requests for information technology purchases.

Separation of Duties

The separation of duties is an internal control practice designed to reduce the opportunity for errors to protect employees. No one person carries out all phases of a business transaction from beginning to end.

SWIFT

The Statewide Integrated Financial Tools is an electronic online tool used by state agencies to complete the procurement process, encumber funds, and pay invoices.

TG/ED/VO Vendor (Targeted Group/Economically Disadvantaged/Veteran-Owned)

A TG vendor is certified by OSP as a woman, minority, or veteran-owned business or is located in an area of Minnesota that has been determined to be economically disadvantaged. For further information, check the reference, [TG/ED/VO Small Business Procurement Program](#), Minnesota Department of Administration.

PROCEDURES

Procurement Process

All MnDOT employees are responsible for the appropriate use of all procurement tools, including purchasing cards, fleet cards, and emergency cards. Employees must adhere to the highest ethical standards when conducting state business.

All purchases of goods and general (non-P/T) services must be requested and approved through EIOR (Electronic Inter-office Request) with the exception of inventory replenishment purchases, FleetFocus™M5 repair part requests, purchasing cardholder transactions, contracts or agreements in other MnDOT tracking applications.

When an urgent purchase is necessary and the employee is not at his or her primary work location, the employee must contact the purchasing staff prior to making an obligation. These situations only occur when an immediate need arises resulting in additional costs, time, or delay the completion of a project. Employees should verify with their local purchasing staff on the appropriate procedure or process.

- Employee must create an EIOR promptly upon his or her return to the primary work location, after the purchase.
- When creating the EIOR, the employee must document the circumstances within the EIOR for validation and transparency.

Technology-related purchases must start in Remedy (MnDOT-selected IT Service Management System) and follow the procedures for information technology purchases.

All special expenses and out-of-state travel purchases must follow the process outlined in the [MnDOT Business Manual \(employees only\)](#), Travel and Special Expenses chapters. Requests through EIOR for travel expenses or special expenses must have signed authorization forms attached.

Each purchase request submitted through EIOR requires approval by the delegated person for the office or district within their authorized approval level. The agency allows self-approval provided it is within the approver's authorized authority level. Refer to <http://eior/eior/> for additional information on dollar thresholds. Additional approvals may be required for any purchase request for information technology goods or general (non-P/T) services. All districts and offices are responsible for maintaining a current list of employees authorized to approve EIOR requests. Submit updated lists to mms.dot@state.mn.us.

- **Following approval of the request**
 - The ALP-certified buyer will enter the order electronically into SWIFT (Statewide Integrated Financial Tools) and dispatch the order to the vendor (*see below, Authority to Purchase*).
 - The buyer, requester or receiver is responsible for the receipt of the goods and services along with any required packing slip.
 - Receipt documentation is required for invoice payment.
- **Separation of duties**
 - One employee cannot be solely responsible for all aspects of the purchase (purchasing, receiving, distributing, or adjustments) of materials unless mitigating controls are in place.
 - Payment authorization must remain separate from at least one of the duties of purchasing, receiving, and issuing of inventory.

- **Emergency Purchase**

An emergency purchase is an authorized purchase made in order to avert damages to state property, to avoid injuries to state personnel and the general public, or to order repairs to ensure that the operation of an office/division or state office is not seriously hampered or delayed for an extended period of time. OSP or an agency head must declare an emergency. Report details of emergency actions to OSP as soon as possible.

Procurement Documentation

A procurement file must comply with audit requirements and be retained according to the [MnDOT Records Retention and Disposal Policy](#) and [MnDOT Retention Schedule](#), and include documents that are applicable to the particular procurement.

- Written specifications
- Documentation of telephone bids or online bids, vendor bid responses
- Vendor complaint forms
- Purchasing violation forms
- Certification forms
- Single Source Orders (SSO)
- No Substitute forms
- Packing slips
- Additional information pertinent to the purchase

Authority for Purchase

All buyers must maintain their Authority for Local Purchase delegated authority from the Department of Administration, OSP, and remain knowledgeable on procurement laws and rules, including bid process, the Targeted Group/Economically Disadvantaged/Veteran-Owned vendor requirements and use of contracts. Only authorized ALP-certified employees can award bids and sign purchase orders.

The commissioner of Administration may delegate duties to an agency head or any subordinate of the agency head, to purchase certain goods and general (*non-P/T*) services,

- Delegation authority may be rescinded at any time,
- Delegation authority is individual - specific and belongs to only that individual and cannot be transferred, assigned, or otherwise delegated.
- Delegated representatives who are ALP certified are required to oversee, review, and approve all agency purchasing up to \$5,000 conducted by others authorized to purchase at this level but are not ALP-certified. The purchaser certified by OSP ensures that agency staff knows and follows the state of Minnesota purchasing laws, rules, policies, and procedures.

The MnDOT Materials Management Director must approve all ALP training requests and determine agency staff purchasing delegation levels.

ALP authority is only for those individuals who are in a position with job duties that require the certification. The certification comes with great responsibility to remain knowledgeable of current state procurement laws, policies, rules, and regulations to maintain department integrity through the process of purchasing. This responsibility should only be assigned to those who meet the requirements, can be entrusted with the spending of taxpayer funds, and are aware that they are obligated to perform with the highest level of integrity.

The buyer must follow all applicable procurement laws and rules for each purchase. Applicable requirements include, but are not limited to the following:

- TG/ED/VO inclusion
- Promotion of fair and equal opportunities to vendors
- Use of state contracts
- Solicitation process
- Advertisement requirements
- Service certifications

Buyers must route any requests over their ALP authority to a buyer with the proper ALP authority for the purchase.

- Splitting purchases to fit within the buyer's authority are not permissible.
- Any orders above the agency's ALP authority must go to Office of State Procurement (OSP) for solicitation.

- All purchases, except field purchase orders and emergency purchases require fund encumbrance prior to any obligation with a vendor. An approved written exception by Office of State Procurement (OSP) or Minnesota Management & Budget is required.
- Solicitations must include the name and contact information for the State authorized representative to respond to questions. Any response not already included in the solicitation must be communicated with the buyer in order to provide a written addendum to all potential responders.

Bidder Protests

Follow procedures in [Department of Administration Purchasing Policy 14](#), for vendor protests. Notify the Materials Management Section regarding bidder protests. The Materials Management Section will consult with the Office of Chief Counsel, as needed.

Vendor Performance

If a vendor performance issue occurs, the requester must communicate the concerns directly with the vendor and the buyer, documenting the issues and attempts at resolution. If the issue is not resolved, the requester must complete a [Vendor Performance Report](#) and forward it to the buyer for final review.

The buyer must report the issue by sending a copy of the Vendor Performance Report to the vendor and to Department of Administration's Materials Management Division. MnDOT staff experiencing vendor performance problems must inform their manager of those problems. The Office of Chief Counsel can also assist with vendor performance issues, including providing advice about contract termination and other legal remedies.

Blanket Purchase Orders

Blanket purchase orders are used for items that will have multiple payments throughout the year. See the [Blanket Purchase Order Guide](#) for instructions and limitations.

Purchasing Card Use

The purchasing card is an alternative purchasing method. The [MnDOT Purchasing Card Use Policy](#) provides direction on purchasing card use by MnDOT employees. The [Purchasing Card Use Policy 1b](#), issued by the Minnesota Department of Administration

Non-ALP Encumbrances

When other contracting methods are utilized with MnDOT's procurement authority under Minnesota statute, Authority for Local Purchasing limits do not apply. Therefore, the purchasing levels and requirements that Authorized Local Purchasers must normally follow do not pertain to these transactions. When creating the purchase order, the buyer is documenting and encumbering a purchase made by MnDOT's authority under Minnesota statute.

Purchasing Violations

A violation occurs when an employee knowingly or unknowingly fails to adhere to the requirements of this policy or any applicable procurement laws or rules.

- The person responsible for the violation must complete and sign a Purchasing Violation Form.
- Compliance with this policy is mandatory and employees who fail to comply are subject to discipline, up to and including discharge from employment.
- A review could result in suspension or termination of SWIFT clearance, approval authority, or ALP delegation.
- A copy of the violation should remain with the procurement file.
- The scanned Purchasing Violation Form becomes the original and part of the purchasing file.

Rewards and Rebates

To protect the agency and its employees, MnDOT prohibits the use of vendor rewards, rebates, and coupons by employees.

RESPONSIBILITIES

Materials Management Section (MMS)

- Supports the implementation and compliance of state procurement policies, statutes, laws, and rules
- Provides leadership, policy development, direction, and support to MnDOT employees on issues involving all aspects of procurement, improvements, standardizations, technology system modifications and enhancements, and accountability
- Assists with regional materials management issues
- Identifies process improvements and recommends best practices
- Provides direction in identifying business needs or solutions
- Identifies or confirms the need for materials management and procurement training, and conducts training as necessary
- Ensures all personnel assigned to purchasing roles have clearance and training
- Supports the annual evaluation of SWIFT access and mitigating controls to ensure assignment of proper roles for employee-specific duties by meeting MMB and MnDOT internal control requirements are met
- Provide an effective and efficient procurement process as liaison to the Department of Administration, Minnesota Management & Budget, and MnDOT

Office or District

- Ensures the implementation and compliance with state procurement policies, statutes, laws and rules
- Provides tactical direction such as planning (spending plan and biennial budget), leadership, local inventory education, decision-making, measurement, local procedures, and resource for the district and office staff
- Investigates business opportunities to foster and support partnerships in purchasing, where appropriate
- Gathers input from office or district staff and customers to develop and recommend alternatives to maximize long-term effectiveness and sustainability
- Identifies and communicates issues and achievements to the Materials Management Section and peers, with the goal of continuously improving the overall agency materials management process
- Ensures the use of EIOR for purchasing requests and electronic approvals prior to making a financial obligation on behalf of the State of Minnesota
- Maintains a current list of approvers who are authorized to approve EIOR requests and regularly reports updates to Materials Management Section, *DOT_MMS mms.dot@state.mn.us
- Ensures the buyer uses SWIFT for procurement process and encumbers all funds before products are ordered.
- Ensures the separation of duties
- Report all violations related to purchasing to the MnDOT Materials Management Section

Requester of Goods or Service

- Requests all goods and general (*non-P/T*) services through EIOR process, with the exception of the exempt items and services (*as listed in the Procurement Process*)
- Provides adequate information about the item (specifications, available vendors, and estimated cost)
- Ensures the approver chosen has appropriate [level of authority](#)
- Ensures multiple EIORs must not circumvent bid requirements
- Monitors the progress of the EIOR process
- Ensure no commitment is made to a vendor prior to the issuance of a purchase order
- Contact the Procurement Supervisor if goods are not received

ALP-Certified Buyer

- Maintains certification and remains knowledgeable on procurement laws, rules, and policies
- Complies with all procurement laws, rules, and policies
- Determines the method of procurement according to procedures and statewide policies once the approved EIOR is received
- Documents EIOR requests processed with a purchasing card using the EIOR number recorded on the description line of the purchase card log
- Ensures submitted EIOR requests are approved by an individual with the proper authority level
- Solicits bids as required by statewide policy and documents in SWIFT

- Encumbers and dispatches orders, specifications, and documents to vendor
- Processes all requests and orders following the highest ethical standards, [Minnesota Statutes §43A.38](#) and the [MnDOT Code of Ethics Policy](#)
- Oversees and approves purchases conducted by non-certified employees up to \$5,000
- Promotes fair and equal opportunities to vendors

Authorized Approver

- Reviews EIOR requests, and approves or disapproves, as appropriate

Receiver

- Verifies the quantity and conditions of goods received
- Processes the receipt in SWIFT or completes Product Receipt Form, if required, in a timely manner to ensure the state meets the 30-day prompt pay requirements

FREQUENTLY ASKED QUESTIONS

Q: *Whom should I contact with questions on Procurement?*

A: Contact local buyer or email Materials Management Section at *DOT_MMS mms.dot@state.mn.us.

Q: *If I have a request that involves an information technology product, where do I start?*

A: Remedy is the application that is for information technology requests. For instructions on making this type of request, go to <http://ihub/it business/guidance.html>.

FORMS/INSTRUCTIONS

[Purchasing Violation Form \(16A.15 - 16C.05 Form\)](#)

[Service Certification Form](#)

RELATED INFORMATION

[Service Certification Form](#)

[Purchasing Violation Form](#) *(Note: for employees only)*

[Vendor Performance Report Form](#)

[EIOR Buyer's Guide](#) *(Note: for employees only)*

[Make Requests Using EIOR](#) *(Note: for employees only)*

[IT for Business Purchase Request](#) *(Note: for employees only)*

[Minnesota Statutes Chapter 16C](#) *State Procurement*

POLICY OWNERSHIP AND AUTHORIZATION

Policy Owner

Suzanne Thayer, Director, Office of Administration

Suzanne Thayer 6-15-2016
Signature and Date Signed

Governance Council

Sue Stein, Assistant Commissioner, Corporate Services Division

Sue Stein 6-16-16
Signature and Date Signed

Responsible Senior Officer

Tracy Hatch, Deputy Commissioner/CFO/COO

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