SUBJECT: Purchasing  
Policy Number: 504  
Adopted: March 11, 2014

I. Policy
Based upon the Procurement Delegation Agreement between the Department of Administration and the Commissioner of Higher Education, all purchasing activities must be performed in accordance with the Montana Procurement Act Title 18, MCA; Title 2, chapter 5, ARM; and the Montana Operations Manual, Chapter 1-0700.

A. Purchasing Controlled Items/Services
While the General Services Division delegates authority to State agencies to make some purchases, major areas of these "common-use" supplies and services are "controlled" by the Division to ensure the greatest level of competition through the power of volume purchasing. Therefore, purchases of "controlled" items must be made through the Division. Controlled items fall under the following categories: 1) Requisition Time Schedule, 2) Exclusive or non-Exclusive Term Contracts, 3) Central Stores, 4) Printing, 5) Vehicles, or 6) Cooperative Purchasing. The categories most often necessary for OCHE procurement follow below:

1. **Exclusive and Non-Exclusive Term Contracts** – Term contracts are contracts established by the SPB for high-use supplies and services for predetermined prices, for specific periods of time. Term contracts are either issued as exclusive or non-exclusive. If a contract is issued as an exclusive term contract, programs are required to purchase from one of the listed term contract holders. Programs are responsible for any payment to an exclusive term contract holder due to violation of the term contract. Utilization of non-exclusive term contracts is encouraged when possible. If a non-exclusive term contract is not utilized, the appropriate procedures for the specific purchase category must be followed. A current listing of the State of Montana Term Contracts is available on the SPB’s website at: [http://svc.mt.gov/gsd/apps/termcontractdefault.aspx](http://svc.mt.gov/gsd/apps/termcontractdefault.aspx).

   Purchases of items that fall under term contract should be made by calling and/or issuing an agency purchase order to the vendor or utilizing the State’s procurement card. To request an agency purchase order, contact the Office of the Commissioner of Higher Education (OCHE) procurement officer.

2. **Central Stores** – The 2013 Legislature passed legislation changing Central Stores to Montana eMarket. The Montana eMarket Center is an on-line purchasing portal where authorized purchasers will be able to purchase goods directly from contracted vendors. Agencies are required to utilize the Montana e-Market Center for all purchases of office supplies. Additionally, term contracts have been established for all janitorial supplies, coarse paper products, and food service disposable products. All OCHE Program Administrative Assistants have been designated as "shoppers" and the OCHE Receptionist and GSL Administrative Assistant are authorized as "purchasers" As provided in Section 18-4-302 (3), MCA, an "office supply item" (as defined in ARM 2.5.201) may be purchased directly from the private sector only if the office supply item conforms in all materials respects to the terms, conditions, and quality offered by the eMarket program and the price for the item is less than the eMarket price. If the eMarket program is not used to procure controlled items, proper documentation and justification for making the purchase outside eMarket must be attached to any request for payment. More information regarding the Central Stores program and pricing can be found at [http://emacs.mt.gov/emacsresources](http://emacs.mt.gov/emacsresources). Programs are to shop through their program’s administrative assistant and the purchasing will be...
completed by one of OCHE’s official purchasers. The name of the individual, program, and org to which the items are to be billed should be included on each and every request.

3. **Printing** – Print Services of the General Services Division operates a printing program on behalf of the State and has the exclusive authority to contract for all printing. Unless specifically authorized in writing by Print Services, all printing is to be handled through their division. The ONLY exceptions are for 1) the printing of business cards, which is at the discretion of program staff, and 2) specific printed materials for which Print Services has issued separate “printing term contracts”. Programs are to contact Print Services at (406) 444-3139 for specific information on current printing term contracts. More information regarding the Print Services, Procurement and Printing Division can be obtained on their web site at: [http://gsd.mt.gov/Print-and-Mail](http://gsd.mt.gov/Print-and-Mail).

**B. Purchasing Non-Controlled Items/Services**

Apart from the purchase of “controlled” items, each agency is delegated a specific level of authority to make purchases of “non-controlled” items and contracted services up to a designated amount. Purchases of non-controlled items within OCHE’s delegated purchasing authority ($25,000) should be procured according to the procedures outlined below. When determining the appropriate procurement category, the value of the purchase should be based upon the “total contract value” which means the initial contract value plus any options to renew.

1. **Small Purchases – Purchases Under $5,000:**
   Purchases with a “total contract value” within this price range may be made in any prudent manner. However, use of the State Central Vendor’s List is suggested wherever possible and prudent purchasing practices should be followed and must include the solicitation of competitive price quotations. Price quotations via the Internet may be utilized.

2. **Limited Solicitations – Purchases Between $5,001-$25,000:**
   Supplies or services with a “total contract value” between $5,001 and $25,000 may be procured at the agency level using a limited solicitation procedure. This procedure requires a minimum of three viable written, oral, faxed, or e-mailed quotations. The limited solicitation procedure must be documented by using the *Limited Solicitation Form* available on the General Services Division website at: [http://emacs.mt.gov/AgencyProcurementForms](http://emacs.mt.gov/AgencyProcurementForms). Again, use of the State Central Vendor’s List is encouraged wherever possible, and price quotations via the Internet should not account for all of the quotations solicited for a specific item.

   **Note:** Starting in January 2014, Department of Administration/Procurement Bureau will be requesting projected quarterly reporting for all upcoming solicitations of goods and services (anything over $5,000, not just limited solicitations) by the first business day of June, September, November and March. These projections do not need to include any purchases made from State Term contracts. Please provide a list of all planned purchases and contracted service for the upcoming quarter to the Procurement Office at least a week prior to the above dates.

   Upon obtaining viable price quotations and completing the limited solicitation process, the following materials are to be submitted to the fiscal department for processing:

   - Written request outlining the items/services to be procured including the name, address and phone number of the successful vendor and the total contract amount.
   - *Limited Solicitation Forms* and all supporting materials documenting the solicitation procedure and award process.
   - An Agency Purchase Order will then be issued to the lowest vendor to initiate the purchase.

3. **Formal Bids – Purchases Over $25,000:**
   Items and services with a “total contract value” greater than $25,000 exceed OCHE’s delegation authority. All purchases in this category must be submitted directly to the State Procurement Bureau (SPB) on a Requisition to be formally bid. The SPB will work closely with OCHE/program staff to determine and develop the appropriate solicitation method. If you anticipate the procurement of items/services in this category, see the OCHE Procurement Officer.
4. **Sole Source Procurement:**
Under some limited circumstances, programs may need to consider making "**sole source procurement.**" "Sole source procurement" means an award for a supply or service to the only known capable vendor, occasioned by the unique nature of the requirement, the vendor, or market conditions. Sole source procurement is not permissible unless required due to (1) compatibility of services or equipment; (2) uniqueness of the service or equipment; or (3) the required service or good is available only from a single vendor. Sole source distinguishes itself from "sole brand" in that only one vendor is available to provide the product. With a sole brand request, several vendors are available to distribute a specific brand.

For such purchases, a sole source justification form must be completed and signed by the appropriate program manager and submitted to the appropriate authority for approval along with a written price quotation from the sole source vendor prior to initiating the procurement. This approval is made by the SPB for procurements totaling more than $25,000 and by the Associate Commissioner for Fiscal Affairs for procurements of $25,000 or less. The sole source justification form can be found on the General Services Division website at: [http://emacs.mt.gov/AgencyProcurementForms](http://emacs.mt.gov/AgencyProcurementForms).

As stated in ARM 2.5.604 the following items do not require sole source justification and may be purchased directly by OCHE:

- Professional licenses;
- Dues to associations;
- Renewal of software license agreements;
- Purchase or renewal of maintenance agreements for software or hardware; or
- Publications available only from a single supplier.

C. **Exigency Purchases**
Exigency purchases are typically made outside of the normal purchasing procedures due to a sudden and unexpected happening or unforeseen occurrence or condition that requires immediate action. It should never include a situation created by poor planning on the part of OCHE or the program.

Need is fundamental to justifying an exigency procurement. The exigency procurement must be limited to the items or services necessary to meet the exigency ONLY. The procedure may not be used to satisfy personal preferences or convenience on the part of OCHE or the program, for preventing funds from reverting at the end of the fiscal year, or for any reason that seeks to circumvent the regular procurement methods.

Written documentation must accompany any request for an exigency purchase and must contain the following:

- The vendor’s name, address and phone number;
- The amount and type of contract;
- A list of supplies and services purchased under the contract; and
- Written justification for the exigency procurement and the basis for the selection of a particular vendor.

D. **Securing Prior Approval for Certain Supplies and Services**
By statute, agencies are required to obtain approval on certain commodities before they are purchased. The approvals are required regardless of whether the items are purchased through the SPB or at the agency level. All approvals must be obtained before a purchase is made or a solicitation is sent to vendors. Supplies and services requiring prior approval are:

- All printing-related equipment involving duplicating, printing, bindery, and graphic arts equipment to be used within a 10-mile radius of the capitol area. Approval by the Print and Mail Services, General Services Division, Department of Administration, is required. (Mont. Code Ann. § 2-17-301.)
• **Records management equipment or systems.** Approval by the Information Technology Services Division, Department of Administration, is required. (Mont. Code Ann. § 2-6-214.)

• **Mail equipment to be used within a 10-mile radius of the capitol area.** Approval by Print and Mail Services, General Services Division, Department of Administration, is required. (Mont. Code Ann. § 2-17-301.)

• **Filing systems and microfilm equipment.** Approval by Records Management Bureau, Secretary of State's Office, is required. (Mont. Code Ann. § 2-6-203.)

• **Surplus property trade-ins.** Approval by the Property and Supply Bureau, General Services Division, Department of Administration, is required (Mont. Code Ann. § 18-4-226, ARM 2.5.701 and 2.5.702.)

II. **Procedures**

A. All supply orders shall be filled out completely and submitted to the fiscal department for processing. Upon receipt of the supplies, fiscal department personnel will check them in. If you return any items, notify the fiscal department. GSL supply orders shall be handled by personnel in GSL.

B. All orders placed to vendors should be ordered under the name of "Commissioner of Higher Education" not the Montana University System.

C. In order to ensure no penalties are assessed and to comply with the State prompt payment statute (Mont. Code Ann. § 17-8-242), all invoices must be turned in to the fiscal department immediately upon receipt. There may be times when prompt payments result in discounts. Be aware of these discounts and alert the fiscal department of any discounts that can be taken if invoices are paid by a certain date.

References:
17-8-241 and 242, MCA