University Rule 3-100D: Delegated Small Purchase Authority

I. Purpose and Scope

To implement Policy 3-100 and outline Rules for delegated purchase authority to organizational units to make small purchases up to the relevant procurement threshold. Delegated purchase authority includes conformance with the Utah Procurement Code and is subject to penalties contained therein. This Rule is binding for all University colleges, departments, and units, including University Hospitals & Clinics.

II. Definitions

See Policy 3-100, University Procurement

III. Rule

A. Procurement Thresholds:

1. Single procurement threshold: $5,000

2. Formal purchase threshold: $50,000

3. Professionals, providers and consultants threshold: $100,000

4. The Director of Purchasing and the Vice President for Administrative Services may establish an annual cumulative threshold through a Memorandum of Understanding.

B. Single Procurement and Consultants Thresholds

1. Small purchases up to the single procurement threshold of $5,000 shall be made in accordance with this Rule and University Procedures established by the Purchasing Department. Small purchases by organizational units up to
the single procurement threshold may be made through UShop. Requisitions may be required for restricted purchases. (See Rule R3-100E)

2. Organizational units may make small purchases totaling up to $5,000 by selecting the best source. For these purchases, organizational units are not required but are encouraged to obtain and retain competitive quotes.

3. Organizational units may also make purchases up to the professionals, providers and consultants threshold by selecting the best source and submitting a requisition through UShop. For these purchases, organizational units are not required but are encouraged to obtain and retain competitive quotes. (See Policy 3-111)

4. Organizational units are responsible for the availability of funds prior to initiating a small purchase.

5. Delegated purchasing authority includes compliance with recommendations established by the Purchasing Department which encourage purchases from Small, Minority, Veteran and Woman-owned businesses.

6. The Director of Purchasing may modify or revoke the single procurement threshold for an individual or an organizational unit.

C. Restrictions on delegated purchase authority

Dividing or splitting of a purchase: It is a violation of Utah law and University Policy 3-100 for a person to intentionally or knowingly divide a procurement into smaller procurements with the intent to make a procurement qualify as a small purchase, if, before dividing the procurement, it would not have qualified as a small purchase.

D. Limited Purchase Order Usage

1. University LPOs provide a maximum delegated authority for a single purchase below $5,000 to a single supplier and are subject to restrictions in
section III. E. Instructions for use of LPOs are contained on the form. Misuse of this Purchase Order may result in withdrawal of privileges.

2. Sales tax should not be paid on small purchases including LPOs and PCards as the University is tax exempt. Organizational units are to provide a copy of the Utah State sales tax exempt form to suppliers that require such. (See https://fbs.admin.utah.edu/purchasing/forms_pur/exemption-certificate/)

3. Organizational units are responsible for all unused LPOs which must be retained in a secure place and must not be countersigned until issued. Unused LPO forms should be returned to Accounts Payable.

E. Prohibitions on use of Limited Purchase Orders:

1. Purchases over $5,000.

2. Capital equipment. (See Policy 3-045.)

3. Purchases charged to University of Utah Hospital & Clinics accounts.

4. Restricted purchases and special procurement items such as controlled drugs and narcotics, non-denatured ethyl alcohol, radioactive materials, and compressed or liquid gases.

5. Procurement of live animals. (See Rule R3-100E)

6. Purchases from government agencies requiring prepayment.

7. Repair or alterations to University physical facilities. Contact Facilities Management.

8. Prepayments for supplies or services. (See Procedure P3-100A)

9. Advertisements for personnel (staff or academic) recruiting.

10. Procurement of new telephones or other telecommunications service. Contact University Information Technology with questions.
11. Purchases from suppliers outside of the United States. (See Rule R3-100E)

12. Employee travel expenses. (See Policy 3-030.)

13. Additional prohibitions or restrictions to the use of LPOs may be made by Accounts Payable.

F. Purchasing Card (PCard) Usage

1. Authorized individuals within organizational units may make direct purchases of supplies and services less than $5,000 by utilizing a PCard, except as restricted by University Regulations (See Rule R3-100E).

2. PCards are generally issued to a named individual within an organizational unit.

3. Authorization to use a PCard requires individuals to apply for a card and requires adherence to terms and conditions of a University PCard contract issued by the Purchasing Department.

4. PCard procedures are established and administered by the Purchasing Department.

5. The Purchasing Department is responsible to issue, approve credit limits, suspend or cancel PCards.

6. Organizational units are responsible for review and approval of PCard transactions and documentation.

7. Organizational units are responsible to maintain PCard records for each transaction including original receipts, invoices, statements, correspondence, etc., based on the records retention schedule. Periodic auditing of PCard transactions will be conducted by the Purchasing Department and/or University Internal Audit and the State of Utah. (See PCard website)

8. PCards can be used at campus organizational units that accept credit cards.
G. Prohibitions on use of PCards for purchases totaling $5,000 or less: (See Rule 3-100E)

1. Capital and fabricated equipment. (See Policy 3-045)

2. Restricted purchases and special procurement items such as: controlled drugs and narcotics, non-denatured ethyl alcohol, radioactive materials, and compressed or liquid gases.

3. Procurement of live animals. (See Rule R3-100E)

4. Purchases from government agencies requiring prepayment. (See Procedure P3-100A)

5. Repair or alterations to University physical facilities. Contact Facilities Management.

6. Purchases from University faculty or staff.

7. Purchase of items for which advance payment is required. (See Procedure P3-100A)

8. Advertisements for personnel (staff or academic) recruiting.

9. Procurement of new telephones or other telecommunications services.

   Contact University Information Technology. Payment for existing services may be made with the PCard, with approval by University Information Technology and the Purchasing Department.

10. Foreign purchases except those made on a PCard that are less than $1,000 and do not require customs clearance such as conference registrations and publications. (See Rule R3-100E)

11. Employee and visitor travel expenses provided however, that the PCard may be used for visitors at the University Guest House or for local shuttle services. (See Policy 3-030.)
12. Gifts including gift certificates, employee incentive/benefits, retirement gifts and flowers. However, condolences are allowed.

13. Employee parking.

14. Gas or fuel for vehicles.

15. New memberships that have not been previously approved by appropriate organizational unit administration.

16. Services from independent contractors, performers, consultants, speakers

17. Student services, events, travel, tuition, scholarships, health insurance or stipends.

18. AOCE professional development courses.

19. Additional prohibitions, restrictions or exceptions to the use of PCards may be made by the Purchasing Department. (See Purchasing Card restricted list)

H. Reimbursements

The Purchasing Department and Accounts Payable discourage the use of reimbursements for the purchase of goods and services. Reimbursements to individuals for the purchase of goods and services are subject to Policy 3-010 Expenditure and Reimbursement Requirements and any associated University Regulations. There are limitations to the use of personal funds to conduct University transactions. (See Policy 3-010)

I. Renewals

1. Renewals are intended for use when multiple orders are made to the same supplier during the course of a year. Multiple payments are allowed on a renewal.
2. Organizational units shall submit a requisition to the Purchasing Department for competitive and non-competitive renewals.

3. Non-competitive renewals shall not exceed the formal purchase threshold. Approval of a non-competitive renewal request is at the discretion and the sole responsibility of the Purchasing Department.

4. Competitive renewals may be renewable multi-year agreements for the total price specified in the solicitation.

J. Exceptions: Procurement Authority of Organizational Units

1. By virtue of their special needs and the roles they fill at the University, some organizational units may be authorized to solicit bids and may be delegated procurement authority at a higher spend level than normally authorized, compliant with University Regulations, the Utah Procurement Code and written rules adopted by the organizational unit.

2. Organizational units that qualify for this exception are identified below and will enter into a written memorandum of understanding with the Director of Purchasing. Other organizational units may be extended similar limited procurement exceptions as described in writing at the discretion of the Director of Purchasing.

a. Associated Students of the University of Utah

b. Marriott Library (books and periodicals only)

c. Eccles Health Sciences Library (books and periodicals only)

d. S.J. Quinney Law Library (books and periodicals only)

e. University Medical Group

f. University Campus Store (resale items only)
g. University Hospital Purchasing Department

h. University Food Service operations (resale items only)

i. Travel Accounting (travel related only)

j. Study Abroad (student travel related only)

k. Athletics Department (only athletic charter travel and medical services for athletes)

l. Procurement relating to building construction and architect-engineer services by Facilities Management as delegated by the Utah State Building Board and using the procedures allowed in Rule 3-100B III. A3.

m. Natural History Museum of Utah (items for display only)

3. These organizational units of the University may make small purchases by following procedures established in this Rule.

K. Small Purchases between $5,000 and $50,000.

1. Requests for procurement of supplies and services between $5,000 and $50,000 must be submitted by organizational units to the Purchasing Department on a requisition. Purchases within these thresholds may require competition but may not require a formal process.

2. Informal purchases may be solicited by electronic means including email, electronic bids, telephone or a request for written quotes.

3. Informal purchases should be documented with three (3) written quotes or proposals, whenever possible.

4. Award shall be made to the supplier offering the lowest responsive and responsible quotation based on objective criteria described in the solicitation.
5. Names of suppliers offering quotations and the date and amount of each quotation shall be recorded and maintained as a public record.

L. Office of General Counsel Small Purchases and Emergency Procurement

1. The University of Utah Office of General Counsel shall have authority to conduct procurements for the hiring of outside counsel, expert witnesses and litigation support services pursuant to the professionals, providers and consultant threshold.

2. If an emergency condition exists necessitating the need for immediate hiring of outside counsel, expert witnesses or litigation support services, the General Counsel shall make a written determination of the existence of the emergency and a written statement of justification for choosing a specific supplier.

IV. Rules, Procedures, Guidelines, Forms and other Related Resources

A. Rules

R3-100C, Requisition Use

R3-100E, Restricted Purchases and Special Purchasing

B. Procedures

P3-100A, Vendor Prepayments

C. Guidelines [reserved]

D. Forms

Utah State Tax Commission Exemption Certificate for Governments & Schools

University of Utah Business Associate Agreement

E. Other related resource materials [reserved]
V. References

Policy 3-003, Authorizations and Approvals Required for Financial Transactions

Policy 3-100, University Procurement

Policy 3-111, Independent Consultant/Contractor Professional Service Agreements

Policy 3-193, Requesting Service from Campus Agencies (Campus Orders)

VI. Contacts

Rule Owner: Director, Procurement & Contracting Services

VII. History

Approved Academic Senate, Executive Committee; September 17, 2013

Approved Academic Senate, October 7, 2013

Replaced Blanket Orders with Renewals throughout; Changed references to outdated paper process to include UShop processes; June 30, 2016