
CAMPUS CORRESPONDENCE

To: Vice Chancellors, Deans, Directors, and Department Heads

From: Rose Mary Wilhelm, CPPB
Executive Director of Procurement Services

Re: **New Executive Order for Small Purchases / LSU Purchasing Policy Changes
Purchasing Memorandum #PUR 07-05**

The Governor's Executive Order #KBB2007-10, effective April 26, 2007, establishes new minimum procurement procedures for small purchases, and rescinds Executive Order #KBB2004-30. Memorandum #PUR 07-05 serves to advise departments of changes made to the LSU purchasing policies resulting from the new executive order effective April 26, 2007.¹ Unless otherwise addressed herein, existing LSU purchasing policies, procedures and commodity-specific exceptions remain unchanged and in effect.

KEY EXECUTIVE ORDER / POLICY CHANGES

- **The noncompetitive dollar threshold for general purchases was increased from \$500 to \$1,000 per single transaction.** [KBB 2007-10, Section 4.A]

The dual dollar thresholds previously set for non-LaCarte (\$500) versus LaCarte (\$1,000) transactions have been eliminated, and the noncompetitive dollar threshold is now equalized at \$1,000. Note: This change does not apply to noncompetitive, non-LaCarte purchases made prior to April 26, 2007.

Policy Change / Delegated Purchasing Authority

All deans or department equivalents are hereby granted a delegated purchasing authority of one thousand dollars (\$1,000) per single transaction, subject to all existing policies, procedures and commodity-specific exceptions.

This increased delegation does not:

- authorize departments to utilize or substitute the Direct Charge invoice process in lieu of the LaCarte/GLS process for purchase/payment transactions with vendors who accept LaCarte²;
 - eliminate the requirement to secure pre-purchase approval from Purchasing for existing commodity exceptions *regardless of cost* (e.g. promotional items, advertising, catering, decorative items, framing, etc);
 - negate current policy to utilize LSU auxiliaries for available goods and services; or
 - preclude any department authority from instituting stricter minimum requirements internally.
- **The noncompetitive dollar, single quotation, threshold for scientific and laboratory supplies and equipment purchased for laboratory or scientific research purposes was increased from \$10,000 to \$25,000.** [KBB 2007-10, Section 5.A.26]

LSU Purchasing was instrumental and successful in achieving this dollar threshold increase in the Governor's new executive order. LSU Purchasing immediately implemented this provision internally on April 26th for all qualifying, in-house requisitions not yet processed.

¹Executive Order #KBB 2007-10 and LSU Purchasing Memorandum #PUR 07-05 do ***not*** apply to Title 38 construction/renovation purchases or to Title 39 professional, personal, consulting, and social services contracts.

² Direct Charge invoices are to be limited to those vendors who do ***not*** accept LaCarte/Visa for payment purposes.

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The LSU Accounting Code Structure is used as a prerequisite to identify potential noncompetitive purchases of *scientific and laboratory supplies and equipment* under the executive order provision. For policy and audit purposes, such purchases must be requisitioned, purchased and paid with accounts designated as “Research” function [i.e., a one (1) in the 7th digit]. Laboratory and research services are not included and remain subject to prevailing State and University purchasing rules, regulations, policies, etc.

Policy Change / Delegated Solicitation Authority

All deans or department equivalents are hereby delegated the authority, at their voluntary option, to solicit a noncompetitive, single quotation on behalf of LSU for qualifying items under KBB2007-10, 5.A.26 costing less than \$25,000. This delegation does not preclude any department authority from instituting stricter minimum requirements internally. Attachment I addresses request for quotation procedures.

- **New provisions were added to address purchases from Small Entrepreneurships or Small and Emerging Businesses certified by Louisiana Economic Development, and in-state purchasing which requires a documented business analysis.** [KBB 2007-10, Sections 4.B.2 and 4.B.3]

LSU Purchasing is in the process of developing relative policy and procedure for use.

OTHER EXECUTIVE ORDER CHANGES

The following items are added to KBB2007-10 as noncompetitive purchases regardless of price:

- Web-based subscription services [Section 5.A.7]
- Accreditation services [Section 5.A.11]
- Publication (page) charges and reprint purchases [Section 5.A.27]

Unless the vendor requires a formal LSU purchase order, these items may be purchased and processed as LaCarte transactions (< \$1,000/\$5,000 depending upon approved LaCarte limit) or Direct Charge invoices (regardless of price) without Purchasing intervention.

Departments are cautioned against split purchasing! Section 6 of the executive order states: “In the absence of a good faith business basis, no purchase or procurement shall be artificially divided within a cost center, or its equivalent, to avoid the competitive process or the solicitation of competitive sealed bids.” See our A-Z/Split Purchasing web page for guidelines.

Executive Order #KBB2007-10 is accessible at the LSU Purchasing website (www.fas.lsu.edu/purchasing). We are in the process of updating all related LSU Purchasing memoranda and A-Z web pages to reflect these changes. If you have any questions, please contact any staff member for assistance.

Attachment

ATTACHMENT I

Purchasing Procedure for Scientific and Laboratory Supplies and Equipment for Laboratory or Research Purposes

General

Executive Order #KBB 2007-10, Section 5.A.26, allows LSU to purchase scientific and laboratory supplies and equipment specifically procured for “*laboratory or scientific research*” purposes on a noncompetitive, single quotation basis for needs not exceeding twenty-five thousand dollars (\$25,000) per transaction.

Laboratory and research *services are not included* and remain subject to prevailing State and University bid requirements.

LSU Purchasing adopted this Executive Order provision as policy effective April 26, 2007. *Qualifying* items may be requisitioned and purchased based on the receipt of one *acceptable* vendor quotation. Purchasing policy, procedure, and process flow for such purchases are addressed below.

Policy - Determination of Qualifying “Laboratory or Scientific Research” Purchases

The LSU Accounting Code Structure is used as a prerequisite to identify potential noncompetitive purchases of *scientific and laboratory supplies and equipment* under the executive order provision. For policy and audit purposes, such procurements must be requisitioned, purchased and paid with account numbers designated as “Research” function [i.e., a one (1) in the 7th digit].

LSU Purchasing will use sound reason and logic to determine if an item meets the “research” intent of the executive order and qualifies as a noncompetitive purchase. For example, administrative support items which may be allowable charges under a research account may not be approved for noncompetitive purchase by LSU Purchasing.

Delegated Solicitation Authority / Use of LSU RFQ Form

All deans or department equivalents are delegated the authority, at their voluntary option, to solicit a noncompetitive, single quotation on behalf of LSU for qualifying items.

Departments must use the University’s standard Request for Fax Quotation (RFQ) form, which incorporates bidder instructions and standard terms and conditions to protect LSU and ensure compliance with state procurement requirements. Vendor quotation forms often include provisions contrary to state laws, rules and regulations; requiring Purchasing to negotiate acceptable terms and conditions prior to an award. Use of the LSU RFQ form helps to eliminate flaws commonly associated with vendor quotation forms.

The LSU RFQ form can be generated through the PRO procurement system.

Process Flow for Noncompetitive Laboratory/Research Purchases \$1,000 - \$25,000

1. Department creates/releases requisition (OMR type) to Purchasing.
2. Purchasing* issues a solicitation (RFQ type) to the specified vendor, allowing a 24-hour bid response time.
3. Upon receipt of acceptable quotation, Purchasing issues the purchase order.

* Departments may choose to issue the RFQ and secure the quotation from the Vendor. If so, the vendor’s quotation should be electronically attached to the PRO document, or a REMARK added that the hardcopy is being sent by campus mail. Mailed quotations are to be marked with the applicable PRO document number (i.e. requisition and/or solicitation numbers).