



Dawg Bones

Bulldogs Buy it Better News
April 2007

As the new Director of Procurement and Contracts, I want to take this opportunity to let everyone know how much I have enjoyed my first three months on campus. MSU is truly an outstanding University and an exciting place to work. I have met many of you and look forward to getting out and meeting many more of you in the near future. Please, if you are in our area, feel welcome to stop by and introduce yourself.

In my short time here I have found a Procurement and Contracts staff that is ready and willing to be of service to the entire University. Please feel free to contact us if we can assist you in any way. You may reach me as follows:

Don Buffum, dbuffum@procurement.msstate.edu, or 662-325-2861.

Via newsletters like this we will try to keep you up to date on issues we feel are important.

New Bid Thresholds!!

House Bill 1012, which became effective on March 20, 2007, increased the bid thresholds.

Purchases which do not involve an expenditure of more than Five Thousand Dollars (\$5,000), exclusive of freight or shipping charges, may be made without advertising or otherwise requesting competitive bids.

Purchases which involve an expenditure of more than Five Thousand Dollars (\$5,000) but not more than Twenty-Five Thousand Dollars (\$25,000), exclusive of freight and shipping charges, may be made from the lowest and best bidder without publishing or posting advertisement for bids, provided at least two (2) competitive written bids have been obtained.

Purchases which involve an expenditure of more than Twenty-five Thousand Dollars (\$25,000), exclusive of freight and shipping charges, may be made from the lowest and best bidder after advertising for competitive bids once each week for two consecutive weeks in a regular newspaper published in the county or municipality in which such agency or governing authority is located.

Contracts

Please remember that only those specifically authorized in writing to do so may sign contracts for the University. In addition, all contracts should include the "Mandatory Addendum to All Mississippi State University Contracts, February 2004 edition". Also, contracts should be signed by the contractor prior to final submittal to Procurement and Contracts (P&C). We suggest the following process:

1. Send the contractor our “Standard” contract with the proper scope, dates, payment terms, etc. These contracts can be seen at <http://www.procurement.msstate.edu/contracts/Servicecontract.pdf>
2. If the contractor will accept this contract, it will greatly reduce the time and effort involved in gaining approval. When contractors require us to use their “standard terms and conditions”, we must conduct a great deal of additional legal review. If they are in substantial agreement with our contract, have them prepare an addendum that identifies the specific clauses which cause them problems and provides alternative language. This type of addendum is easier to review than an entire new contract document.
3. If they accept and sign our contract, submit the contract to P&C for execution. Remember, very few individuals on campus have the authority to sign a contract or agreement. If there is not a letter from the President authorizing someone to sign such agreements, then they should not sign the contract!
4. If the contractor refuses to accept our standard contract, send them a copy of the Mandatory Addendum and ask them to incorporate it into the contract. Have them submit their proposed contract to P&C for review. We will conduct the required review and will determine if the contract is acceptable. Upon completion of the review we will return the contract to the department with any required changes. The department should have the contractor initial the changes, sign the contract, and return it to P&C, where we will sign the agreement.

Confirmation Orders

Please remember that a purchase order is to be issued prior to a purchase being made. Some departments have been requesting excessive “confirmation orders” recently. If you have an immediate need and can not “wait” for a PO, we suggest the use of the Procurement Card (if appropriate).

Liability Insurance

This is a reminder that the state law requires that any person or vendor entering into a formal contract with the state which exceeds Five Thousand Dollars (\$5,000.00), for the construction, alteration, or repair of any public building or public work, before entering into such contract, shall provide proof of general liability insurance coverage in an amount not less than One Million Dollars (\$1,000,000.00) for bodily injury and property damage. The University should have the proof of insurance prior to the beginning of any work being done.

Association Dues and Fees

In the past there has been some debate about the appropriateness of the University paying for various association dues and fees. The Attorney General of the State of Mississippi has consistently ruled that, in certain circumstances, such expenditures are allowable. The Attorney General opinions say such expenses are allowed if the University makes the following findings:

- 1) That the professional association dues or fees are reasonable and necessary to the performance of the employee's or officer's duties, and

2) That the membership must accrue to the benefit of the public entity, and any benefit to the individual must be merely incidental.

We have created a new form which departments will need to complete when requesting the payment of such dues and fees. <http://www.procurement.msstate.edu/forms/dues.pdf>

Grants, Budgets and Planning

During my 26 years in public purchasing I have found that one element consistently is a factor in a good procurement organization. That vital factor is COMMUNICATION.

Often times a department knows of an upcoming need (commodities, equipment, services, etc) and works for months on getting ready for the project. Finally, when they are ready to get the project started they will contact P&C about getting the required items and services. At this point the department is in a hurry to get moving (after all, they have been planning for months), and P&C appears to throw a monkey wrench into the process by requiring a process or procedure that the department was unaware of. Nobody is happy.

We would like to suggest an alternative. For those of you that may not be totally familiar with the purchasing laws, policies and processes, as you begin to apply for grants or plan your budgets, please consider bringing the P&C team to the table. Our staff will be able to better understand your needs and time lines and may be able to make suggestions that will make the process smoother for everyone.

Contracting Services of Individuals, Sole Proprietors, and Nonresident Aliens

In order to avoid issues in meeting agreed upon payment terms, we strongly recommend that all required paperwork and forms be obtained at the time the contract is being negotiated.

Fees paid for services to individuals require that an HRM 323 (Classification Checklist Form) and HRM 322 (Consultant Services Cover Sheet) (<http://www.msstate.edu/dept/audit/PDF/6504A.pdf>) be completed prior to the individuals' performance of said services.

If the individual is a PERS (Public Employees' Retirement System) Service Retiree, then the Department of Human Resource Management must be contacted and further paperwork will need to be processed through the PERS office in Jackson.

Nonresident aliens need to complete an IRS Form 8233 [Exemption from Withholding on Compensation for Independent (and Certain Dependent) Personal Services of a Nonresident Alien Individual]. Nonresident alien teachers and researchers must also file a statement along with Form 8233 (see Appendix B of IRS Publication 519). Once the form and statement is received by Accounts Payable it must then be properly sent via mail to the IRS and no payment can be made until ten days after the mailing.

Requisitions

Due to problems arising with the use of the "copy requisition" function, this function was altered. Requisitions dated prior to January 1, 2007 can no longer be copied.

Examples of standing orders and other sample requisitions are on the Procurement and Contract website at <http://www.procurement.msstate.edu/procurement/requisition/#5>

Please use these as you prepare your requisitions. In the past, there have been a large number of requisitions entered with numerous errors and missing information. This causes our staff to spend extra time getting these requisitions processed. We have determined that we will give highest priority to those requisitions entered

properly. Those requisitions which require excessive effort will be processed on a “time available” basis. We apologize for any inconvenience this may cause but we feel that those departments which take the time and effort to submit “clean” requisitions deserve the rewards that go along with their added effort. If anyone has questions about the proper way to submit a requisition, please feel free to contact our staff.

All requisitions for the current fiscal year must be in Procurement and Contracts no later than **June 08, 2007**. Any Banner requisition not completed and approved by **June 08, 2007** may be canceled at the discretion of Procurement and Contracts and will have to be re-keyed in the next fiscal year. Please make sure all attachments and required documentation is received by Procurement and Contracts by this deadline.

As you enter your requisitions for end-of-year and for your July 1 standing orders, please take extra effort to review them and be sure they are correct before you complete them in Banner. Once completed, be sure you have your next approver approve the requisition in Banner. It is the responsibility of the department to be sure each requisition is completed and approved in Banner. Call P&C if you need help in using FPIREQN to check the status of complete and approved requisitions.

Specifications

In the past, when requesting items that must go out for bid, many departments have submitted requisitions that included the detailed specifications or long lists of items. In an effort to save you time and effort as well as reduce our work, please submit the detailed specifications in a Word or Excel format, and type “as per submitted specifications” in the requisition. We can then use the submitted document in coordination with our bid documents to solicit bids. Please contact us if you have any questions concerning this matter.

Speaker Fees

The following policy is effective as of February 7, 2007.

Mississippi State University recognizes that visiting speakers from academia, business and industry, government and other fields make immense contributions to the academic, cultural and social life of the university. To ensure that expenditures associated with guest speaker appearances are maintained at appropriate levels, a maximum fee of \$2,000 may be paid to any guest speaker participating in a university event or activity. Speakers may, however, be reimbursed for actual and appropriate expenses associated with a visit, such as those for travel, lodging and meals. This policy may be appealed to the President’s Chief of Staff, and exceptions may be granted on a case-by-case basis, provided that such approval is sought and given prior to any commitment to a prospective speaker concerning honoraria or other compensation.

In an effort to have a consistent process, we have developed the “Request for payment, Speaker fees in excess of \$2,000” form (<http://www.procurement.msstate.edu/forms/speakerfees.pdf>). This form should be signed by the requesting individual as well as the appropriate Vice President or Associate Vice President prior to submitting to the Chief of Staff for approval. If available it may be a good idea to include documentation/literature on the speaker and the subject matter. All contracts for such services should be submitted to P&C with all appropriate approvals.

It should be noted that this policy is not intended to limit the number of quality speakers on campus. It is an attempt to ensure a strong coordination of information in an effort to maximize the value and impact of these speakers.

Reminders

Do you want your requisitions to sail thru without any questions or phone calls? If so, please consider the following friendly “reminders”.

- ✓ Use the P-card if appropriate. If you are not sure what it can be used for, call and talk with our staff.
- ✓ Avoid “Confirmation” requisitions. Issue the requisition early enough so a purchase order can be issued.
- ✓ Provide accurate, current, signed, competitive quotations, when appropriate. If the quotes are not complete or out of date or not properly signed, we will be forced to contact you, which just causes you more work and slows us all down.
- ✓ Rental contracts? Use the generic rental contract
http://www.procurement.msstate.edu/contracts/equipment_rental.pdf
- ✓ Tell us the story! You know why you need the object or service but we may not. Spend a few minutes typing out a short explanation of the need and how the item/service meets the need. We then have a clearer understanding and, in two years when an auditor asks “why did you buy a case of broccoli” we can explain that it is an excellent medium for growing insects (or whatever the case may be). If it’s the same explanation as the last time you purchased, send a copy, a new person may be handling the request and may not know the background.
- ✓ Standing order maximum. With the increased bid thresholds departments may now issue standing orders for “Not to exceed \$4950.00 on any one day”.

Suggestions?

It is our sincere desire to help all of the departments in their efforts to acquire the goods and services which are needed for our University to prosper, while ensuring compliance with the laws and policies and maximizing the use of the available resources. If anyone has suggestions that would help us do a better job, please let us know. We are open to suggestions as we continually seek out more economical and efficient ways to do business.