

# SOUTH DAKOTA BOARD OF REGENTS

## Policy Manual

**SUBJECT:** Purchasing

**NUMBER:** 5:4

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### 1. Purchasing Authority

SDCL §§ 13-49-15 and 13-49-16 provide the Board with power to purchase materials and supplies not under the supervision of the Office of Procurement Management (OPM) provided, however, that such purchase shall be in accordance with SDCL ch. 5-18.

The Board has delegated authority to enter into contracts for the purchase of supplies and equipment by the institution except as delineated otherwise in this policy. In implementing this authority, institutions shall follow the procedures as authorized in this policy when purchasing exempt items under SDCL § 5-23-21.

*SDCL § 5-23-21. Items and agencies not subject to chapter-Legislative and Judicial branch requirements – Property subject to accounting. The provisions of this chapter do not apply to the purchase of chemical and biological products, laboratory apparatus and appliances, and library books, or medical supplies; nor the purchase of equipment and supplies for externally funded research projects at institutions under the control of the Board of Regents; nor to the purchase of machinery, raw materials or containers used by the state cement plant; nor to the purchase of seeds, feeds, livestock, or equipment used in the operation of farms by any state institution; nor to the purchase of property or liability insurance or performance bonds, except that the actual procurement of any insurance or performance bonds shall be made under the supervision of the Bureau of Administration; nor to the purchase of computer hardware and software; nor to the purchase of natural gas; nor to the purchase of tableware or perishable foods by any institution under the control of the Board of Regents or the executive branch; nor to the purchase of materials needed by the department of Human Services or prison industries for the manufacturing of products, except as provided by rule promulgated by the Bureau of Administration. The legislative and judicial branches of state government may determine their needs relevant to purchases, printing, and lease agreements notwithstanding any conflicting provisions of this chapter. However, the actual procurement shall be made under the supervision of the Bureau of Administration. All property purchased under the provisions of this section shall be subject to the provisions of chapter 5-24.*

**2. Purchasing Procedures**

**A. Non-exempt.**

Any purchases that do not qualify as exempt items according to SDCL Chapter 5-23, shall be purchased according to the guidelines and proceedings established by the Office of Procurement Management under the Bureau of Administration. The current Local Purchase Policy found below should be followed for such non-exempt purchases.

<u>Limit</u>	<u>Description</u>
Items not on state contract up to \$1,000	Purchase directly from vendor or by procurement card. No quotes required, however, sound business practices should be followed.
Items not on state contract \$1001-\$10,000	Purchasing Specialist to solicit a minimum of three written quotes from three different sources and request approval from the Office of Procurement Management. Issue purchase order in accordance with Office of Procurement Management’s response.
Items not on state contract \$10,001 and above	Submit a requisition to OPM along with specifications. OPM will solicit bids and issue the purchase order(s).
State Contract items	Process local purchase orders, except for motor vehicles and portable radios which must be processed through OPM.

**B. Exempt.**

Any purchases that qualify as exempt items under SDCL ch. 5-23-21, including purchases of equipment for externally funded research, shall be subject to this section.

1. The existing State of South Dakota Contracts, as issued by the Bureau of Administration, shall be utilized as the first supply source.
2. Single Source Procurement – If an institution determines there is only one source for the equipment or supplies, the institution should purchase at a price most advantageous to the institution, including written justification of Sole Source, subject to compliance with required approvals under §§3 or 5 of this policy
3. Local bidding procedures shall assure competitive procurement procedures and shall comply with the following guidelines:

Items with an extended cost from:

\$0-\$5,000	Obtain from the source utilizing sound business practices.
\$5,001-and Above	Purchasing Specialist to solicit a minimum of three written quotes from three different sources or refer to section 2-B-2 for sole source acquisitions. Executive Director and Board approval is necessary for items \$50,001 and above (See Section 3 below).

Contracts for items requiring approval of the Executive Director or the Board pursuant to this policy shall not be awarded until such approval is obtained.

### **3. Executive Director and Board Approval**

Institutions shall submit the purchasing documentation to the Board Office to purchase any capital asset with a per unit cost in excess of \$50,001. The Executive Director shall review and approve all purchases with a per unit cost \$50,001 to \$100,000. Board approval is required of any capital asset purchase over \$100,000.

The established purchase form shall be completed for all capital asset purchases with a per unit cost over \$50,001. A copy of the requisition and backup information shall be attached and sent to the Board Office for the necessary approval.

### **4. Compatibility Review for Information Systems Equipment**

**A.** Purchases of computer hardware/software and information technology equipment or periodic renewal of leases of same shall be reviewed for compatibility before a purchase order can be processed. The following approval processes shall be followed:

1. Campus I.T. Review – All purchases with a requisition cost more than \$500 shall be reviewed and approved by the campus I.T. Department.
2. The Bureau of Information and Telecommunications (BIT) shall review all equipment, software, and leases that meet the following criteria:
  - a) Computer hardware with a total acquisition cost of more than \$10,000 or any non-standard personal computer system(s) regardless of cost.
  - b) Computer software not on state contract with a total acquisition cost of more than \$10,000 or any order for 10 or more user licenses, regardless of cost.

3. All orders which require approval from BIT, shall also require approval from OPM prior to issuance of a purchase order. SDBOR shall furnish OPM with a quarterly report of all computer hardware/software and information technology equipment purchases.
- B. In addition to the compatibility review, the purchasing procedures included in Policy 5:4 shall apply to the purchase of computer hardware/software and information technology equipment.

## **5. Equipment Purchased for Externally Funded Research**

Each institution is authorized to purchase equipment from externally funded research provided that the Board office has previously approved the grant and that the unit price of the equipment is less than \$50,000. Externally funded research equipment with a unit price of \$50,001 to \$100,000 requires Executive Director approval. Board approval is required of any capital asset purchase over \$100,000. Externally funded research is defined as: funds restricted by the funding source for a specific purpose, from a source other than South Dakota state government or Board approved fees. For the purposes of this policy, the EPSCoR grant matched with Future Funds is defined as externally funded research.

The Universities shall follow the exempt purchasing guideline for the purchase of equipment for externally funded research.

**SOURCE: BOR, Oct. 1991; BOR, Oct. 1992; BOR, March 1995; BOR, January 1999; BOR, March 2003, March 2005, October 2007.**