

NEW YORK DIVISION OF MILITARY AND NAVAL AFFAIRS
BUDGET AND FINANCE
330 OLD NISKAYUNA ROAD
LATHAM, NY 12110-2224

FISCAL POLICY MEMORANDUM

TRANSMITTAL NO: P-008

DATE: June 20, 2013

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Agency Procurement Procedure

Guiding Principle

This Fiscal Policy Memorandum (FPM) applies to all state employees and militia members of the New York State Division of Military and Naval Affairs (DMNA) who utilize State funds, Special Revenue-Other funds or Federal funds administered through the Master Cooperative Agreements by the state, in regard to procurements and requisitions for services and commodities. All agency purchases will only be related to official state business and must be conducted in the most cost effective manner possible.

1. Purchase Guidelines:

The following steps must be used for all procurement actions, regardless of cost:

- a. STEP #1 -- Contact the Preferred Sources to see if the item or service is available.
The order of contact is:

1. Department of Corrections (CORCRAFT)
2. Industries for the Blind (IBNYS)
3. Industries for the Disabled (NYSID)
4. OMH Office of Mental Health (OMH)

More detailed guidelines can be found by visiting the Office of General Services (OGS) Website at <http://ogs.ny.gov/BU/PC/Preferred.asp>

If not available from the list above, or if a release to purchase elsewhere is obtained as referenced in the guidelines contained in the above-mentioned OGS website, then the procedures outlined in step 2 should be followed.

- b. STEP #2 – Check the OGS website to see if the item or service is available via NYS Contract. Follow specific instructions contained in each contract regarding the utilization of Minority or Women-Owned Business Enterprise (MWBE) vendors, and seek multiple quotes as applicable. A complete listing of services, commodities and

technologies available under NYS Contract may be found by visiting the Office of General Services Website at <http://ogs.ny.gov/BU/PC/Directories.asp>

If not available from NYS Contract, or if open market pricing is less than NYS Contract prices, OGS Contract Vendor has the option to match the lower pricing before following the procedures outlined in 1 c., Step # 3 should be followed.

c. STEP #3 – If the commodity or service cannot be obtained from any of the above methods (preferred source or NYS contract), open market purchasing guidelines apply. Purchasing action requirements vary depending on the cost of the item or service being procured.

d. The following guidelines apply for open market purchases:

- Open market purchase, \$0 - \$2,499, a minimum of one verbal quote is required. Verbal Quotes must be recorded on a Verbal Quote Record (Attachment 1).
- Open Market purchase, \$2,500 - \$9,999, a minimum of one written quote is required from the vendor on their official letterhead.
- Open market purchase, \$10,000 - \$49,999, minimum of three written quotes are required from the vendor on their official letterhead.
- Printing services over \$5,000 must be reviewed by MNBF at least two months prior to requirement.
- For meal purchases, menu must be sent to vendor to ensure quotes are consistent.

*Individual who obtains the verbal quote must complete a Verbal Quote Record and is responsible to keep a record of it for internal control and audit purposes.

All quotes for services must include a breakdown of labor hours and materials. Requirements may be waived at the discretion of Budget and Finance (MNBF).

NOTE: Please refer to Section 165 of the State Finance Law for a list of restricted tropical and non-tropical hardwoods that are prohibited for purchase. A copy may be obtained from the Budget and Finance Procurement and Contracting Office (MNBF-PC).

This agency strongly encourages the use of small and MWBE businesses whenever possible.

All open market purchases for services and commodities \$0-\$49,999 must be researched for MWBE vendors. Additionally, when researching the state contract, MWBE's should be given consideration. MWBE vendors are to be used if they fit the requirement and are competitively priced. For more comprehensive guidance regarding MWBE procedures, refer to the latest Accounting Bulletin MNBF-PC 139.

Empire State Development Corporation (ESD) maintains a searchable database of all certified MWBE's at ny.newnycontracts.com. Once you are in the ESDC screen, go to the MWBE Directory to search for MWBE vendors etc.

2. Emergency Purchases:

- a. If under \$50,000, the end user must provide quotes immediately after the action in accordance with the dollar amount outlined in paragraph 1 d. to prove reasonableness of price.
- b. Any emergency purchase over \$50,000 will require a detailed justification which must be attached to the Procurement Requisition Form (PRF), Attachment A. The detailed justification should address the "Five-Ws: Who, What, Where, When and Why." Each purchase will be reviewed on an individual basis to verify that the appropriate number of quotes have been obtained and properly documented. MNBF will then request an exemption from the Office of the State Comptroller (OSC). A minimum of three written quotes or a cost justification as determined by OSC will be required. Requests for exemptions that are received more than 30 days after the initial incident must also have additional justifications included to explain the delay.

3. Procurement Process Guidelines for Facilities and Engineering (MNFE):

All requisition requests notwithstanding dollar value will be submitted using a DMNA PRF, which will be generated by an automated process in MNFE.

- a. The following are the responsibilities of the procurement requestor and must be followed, indicated on or attached to the PRF where applicable:
 - Research preferred sources and state contract for quotes
 - Research open market for quotes.
 - Provide required quotes (verbal or written) as part of the request.
 - Complete and file a Verbal Quote Record for verbal quotes.
 - Research MWBE and indicate on all requests if it was used and if not why not.
 - Indicate if a preferred source or state contract was used.
 - If it is for a service indicate if it is new or a renewal.
 - Indicate if a credit card is accepted by the vendor.
 - Comprehensive description of service and commodity needed and dates.
 - Ensure a clear justification is provided.
 - Not use any editorial comments as part of the request.
 - Submit PRF with the correct Chart Field fund coding.
 - Be prepared to make whatever adjustments or corrections if requisition is returned from the MNFE Latham, MNBF or external approvers.
 - Be prepared to justify why it may be a sole source.
 - Be prepared to answer any questions by MNFE Latham, MNBF or external approvers if it is a Purchase Order.
 - Be sure to review returned PRF's for guidance.
 - Keep an issued PO as a record for the SFS receiving process etc.

All PRF's will be submitted directly to MNFE Latham who will act as the reviewer/approver.

b. The following are the responsibilities of MNFE Latham:

- Review all requisitions for appropriateness and availability of funds.
- Review all requisitions to ensure Chart Field fund codes are correct.
- Review all requisition requests to ensure all quotes were obtained and attached to the PRF as applicable. Be prepared to return or hold the PRF to requestor if information is incomplete or not attached.
- Ensure split purchasing or other practices that do not conform to procurement guidelines occur.
- Ensure all other required information is included.
- Review requisition to determine if it needs Division of the Budget (DOB) B-1184 submission. If needed, MNFE–Latham is responsible to submit information into B-1184 Spending Control System for approval. Requisition should not move forward until B-1184 approval is obtained.
- Review requisitions to determine if it needs Strategic Source Team (SST) buy desk approval. If SST approval is needed, it must be submitted to MNBF, regardless of dollar amount.
- Review request to determine if it can be purchased on a state procurement card or needs a purchase order.
- Enter procurement requisition into Statewide Financial System (SFS) if a Purchase Order (PO) is needed.
- Determine what other actions may be needed i.e. Invitation for Bid (IFB), Request for Proposal (RFP). Consult with MNBF as necessary before forwarding the PRF.
- Not use any editorial comments as part of the request.
- Track all credit card requests \$0 and above that use MWBE, Preferred Source or State Contract vendors into an electronic database. The results of this database must be translated into a report that will be submitted to MNBF on a monthly basis no later than the five days after the end of the reporting month. This data will be incorporated into the agency's MWBE goal reports.

c. Process Flow:

- If requisition is **\$2,499 and under** and does not need SST and/or B-1184 approval or advertisement in contract reporter or a purchase order and is purchased using a procurement credit card it can be reviewed by MNFE – Latham and approved/disapproved.
- If the requisition is **\$2,499 and under** and does need SST approval or advertisement in contract reporter and is purchased using a credit card or purchase order it must be sent forward by MNFE Latham to MNBF, with any supporting documents.
- If the requisition is **\$2,500 and above** it must be sent forward by MNFE-Latham to MNBF for further review and /or obtaining SST approvals and/or advertisement in the contract reporter. MNBF will review the procurement

requisition, and will approve/ disapprove. If it is indicated approved, the requestor may move forward with the purchase on their procurement credit card.

- If the requisition is **\$2,500 and above** and needs a purchase order it must be entered in SFS as a requisition by MNFE-Latham. Once approved by a supervisor in SFS it will be submitted to MNBF in SFS and will be reviewed and in turn be submitted to the Business Service Center (BSC). The BSC will create a purchase order, submit it to the vendor and email the requestor. Please note that Point of Contact emails must be indicated on the DMNA PRF and then transferred onto the justification section of the SFS requisition. This will notify the BSC to whom (other than the vendor) the PO should be sent to.
- No BSC issued PO will be paid on a state credit card, to include Contract Payments.
- Remember, a PO must be used on any requisition where a vendor does not accept payment of any dollar amount on a state purchasing card.

4. Procurement Guidelines for Non-Facilities and Engineering Programs and Departments:

All requisitions \$500 and above, must be submitted using a DMNA PRF (Attachment A) to MNBF. However, requisition requests \$500 - \$2,499 will be fast tracked at MNBF for decision. Requestor must follow guidelines as outlined in paragraph 1 and 2 of this FPM.

a. The following are the responsibilities of the procurement requestor and must be followed, indicated on or attached to the PRF where applicable:

- Research preferred sources and state contract for quotes.
- Research open market for quotes.
- Provide required quotes (verbal or written) as part of the request.
- Complete and file a Verbal Quote Record for verbal quotes.
- Research MWBE and indicate on all requests if it was used and if not why not.
- Indicate if a preferred source or state contract was used.
- If it is for a service indicate if it is new or a renewal.
- Indicate if a credit card is accepted by the vendor.
- Comprehensive description of service and commodity needed and dates.
- Ensure a clear justification is provided.
- Determine if a PO is needed and indicate such on the DMNA Procurement Requisition Form.
- Not use any editorial comments as part of the request.
- Submit requisition with the correct Chart Field fund coding.
- Be prepared to make whatever adjustments or corrections if requisition is returned from the MNFE Latham, MNBF or external approvers.
- Be prepared to justify why it may be a sole source.
- Be prepared to answer any questions by MNFE Latham, MNBF or external approvers if it is a Purchase Order.
- Be sure to review returned PRF's for guidance.

- No BSC issued PO will be paid on a state credit card, to include Contract Payments.
 - Remember, a PO must be used on any requisition where a vendor does not accept payment of any dollar amount on a state purchasing card.
 - Keep an issued PO as a record for the SFS receiving process, etc.
- b. The following are the responsibilities of the supervisor:
- Review all DMNA PRF's to ensure Chart Field fund codes is valid. If not valid, return requisition to the requestor for corrections.
 - Review all DMNA PRF's to ensure all quotes were obtained and attached as applicable. Be prepared to return the DMNA PRF's to requestor if information is incomplete or not attached.
 - Ensure editorial comments are not used as part of the request.
- c. MNBF will review the request for:
- Possible SST and/or B-1184 approvals.
 - Appropriateness and availability of funds.
 - Collect MWBE data from requisition.
 - Enter request into SFS as a requisition and submit to BSC if a PO is needed.
 - Determine what other actions may be needed i.e. IFB, contract reporter advertisement etc.
 - If a requisition is \$500 - \$2,499 and does not require any external approvals, or a PO, they will be fast tracked with approve/disapprove and sent back to requestor.
- d. Process Flow:
- If requisition is between **\$500 and \$2,499** and does not need SST and/or B-1184 approval or advertisement in contract reporter or a purchase order and is purchased using a procurement credit card it will be fast tracked reviewed by MNBF, approved/disapproved, and returned to the requestor with an MNBF approval # or reasons for disapproval.
 - If the requisition is **\$2,499 and under** and does need SST approval or advertisement in contract reporter and is purchased using a credit card or purchase order PRF will be sent forward by MNBF, with any supporting documents to the appropriate outside agencies. When finalized the PRF will be returned to the requestor with an MNBF approval # or reasons for disapproval.
 - If the requisition is **\$2,500 and above** the PRF must be sent to MNBF for further review and /or obtaining SST approvals and/or advertisement in the contract reporter. MNBF will review the procurement requisition, and will approve/disapprove. If it is indicated approved, the requestor may move forward with the purchase on their procurement credit card.

- If the requisition is **\$2,500 and above** and needs a purchase order PRF must be entered in SFS as a requisition by MNBF. Once approved by the Budget and Finance Team, it will be submitted to the BSC. The BSC will create a purchase order, submit it to the vendor and email the requestor. Please note that Point of Contact emails must be indicated on the DMNA PRF to be transferred onto the justification section of the SFS requisition. This will notify the BSC to whom (other than the vendor) the PO should be sent to.

5. All technology purchases must be stamped with an approval by MNAS prior to purchase. This is the responsibility of the requestor.

If you should have any questions regarding this FPM please contact Ms. Maria Gallerie at 518-786-4962 or Ms. Nancy Bik at 518-786-4964.

Attachments:

State Procurement Requisition Form (PRF)
Written Instructions for PRF
Verbal Quote Record