ADMINISTRATIVE DIRECTIVE

3.0 PURCHASING POLICY

A. General

The LSU Health Sciences Center in Shreveport Purchasing Department is organized and administered as a division of the LSUHSC-S Office of Business Affairs. The function of the Purchasing Department is to organize and administer procurement for all departments in accordance with responsibility and authority delegated by the LSU Board of Supervisors and the President. The policies and procedures have been developed to describe the procurement processes of the LSU Health Sciences Center in Shreveport. The procedures incorporate the requirements of State of Louisiana laws, LSU regulations, local policies, and good business practices. Although the procedures are designed to cover most procurement situations, they cannot cover all eventualities. The Purchasing Office will be pleased to assist in exceptional cases.

Specific responsibilities of the Purchasing Department are:

1. Procure goods and services for all LSUHSC-S Departments.
2. Purchase equipment and furnishings for the Medical Center.
3. Expedite delivery of urgently needed goods and services.
4. Refer information about new or improved products to departments using these products.
5. Inform departments of exceptional buys on selected commodities.
6. Delegate "small procurement" authority through the use of LSUHSC Procurement Cards.

The Purchasing Department must work, therefore, with hundreds of individuals within LSUHSC-S and with thousands of vendors in supplying complex requirements economically, effectively, and as promptly as circumstances will allow. You can simplify and expedite the handling of requirements for supplies, equipment and services by becoming familiar with these procurement policies and by designating someone within your department who can become skilled in working with the Purchasing Department.

The following points are especially important:
1. Plan your needs well in advance.
2. Describe accurately the quantity and quality needed.
3. Use correct account numbers.
4. Provide as accurate an estimated unit price as possible.
5. Initiate requisitions well in advance of the critical date required. Indicate date items will be needed and location (room) to which items are to be delivered.
6. Keep the Purchasing Department informed of transactions which have worked out well for your department and those that have not. Also when you find new equipment or material of particular interest to your department please pass this information on to the Purchasing Department.

LSUHSC-S considers its vendors to be valuable assets. It attempts to administer buying practices in such a way that all worthwhile suppliers are considered and dealt with ethically, the best ones will be awarded shares of LSUHSC-S business on the basis of competitive prices, services rendered, and ultimate long range benefit. Standardization of products often results in substantial savings. The Purchasing Department also obtains savings by combining purchases and by utilizing the buying power of LSUHSC-S.
The responsibility for implementing the foregoing policies has been delegated to the Purchasing Department. The cooperation of employees and departments is essential.

The Director of Purchasing or any member of his staff will be available to discuss with you any procedure not covered in detail in this manual. Suggestions from the faculty and administrative staff are welcomed.

B. University Organization for Procurement

1. Centralization and Authority Delegation

The responsibility for procurement negotiations and administration of procurement policies and procedures is delegated to the Purchasing Office.

2. Authority to Purchase

No individual has the authority to enter into purchase contracts, or in any way obligate LSUHSC-S into procurement indebtedness unless specifically authorized to do so by the Purchasing Office. Firms ordinarily doing business with LSUHSC-S are aware of this policy and are advised that all purchases chargeable to LSUHSC-S must be authorized by an official purchase order signed by the authorized individual, or by use of an official LSUHSC-S Procurement Card.

3. Receiving and Interviewing Sales Representatives

LSUHSC-S personnel having a need to contact sales representatives for a particular brand name or product should contact the Purchasing Department for assistance. When sales representatives possess information concerning new products or special values, they will be referred to appropriate departments.

C. Requisitioning, Purchasing, Receiving, and Paying
1. **Authority to Submit Requisitions**

Either the person or persons having authority for a particular budget account or a designated representative is authorized to issue and sign requisitions.

2. **Uniform Policies Regardless of Source of Funds**

General policies concerning purchasing apply to all funds of LSUHSC-S, regardless of source. All funds deposited with LSUHSC-S must be handled consistently in accordance with the LSUHSC-S policies.

3. **Requisition**

Requisitions are used for the procurement of all supplies, equipment and services purchased from outside vendors. Certain goods and services are available from other departments through the use of Internal Transaction forms. Requisitions should be entered electronically into the PeopleSoft system when applicable.

The following information must be provided on the requisition prior to submission to Purchasing:

a. Date
b. Department
c. Object Code
d. Shipping information, i.e., department building, room number
e. Name of suggested vendor (if known)
f. Approval Signature
g. Description, item number, quantity, catalog or manufacturing number, specifications of goods and services, and estimated cost
h. Date goods are needed

The suggested vendor may be shown in the space provided for that purpose. The quantity must be shown in the column provided, the unit should be specific, i.e., dozen, gross, pound, package, etc. Specifications should be concise, but
complete in detail. Specifications should show catalog or model number. A complete word description is desirable. Where appropriate, state the size, color, finish, etc. A department may request an opportunity to review the bid before an order is placed. If this is desired, it should be so stated on the requisition.

4. The Purchase Order

After a duly authorized and approved requisition has been received in Purchasing, and after appropriate price and terms determination has been made, the Purchasing Department will issue to the selected vendor a purchase order. Copies of the purchase order are distributed as follows:

a. Vendor copy mailed to vendor.
b. Accounting copy sent to Accounting
d. Receiving copy sent to Receiving
d. Department copy sent to the requisitioning department to be kept with department copy of requisition
e. Equipment Control copy sent to Equipment Control Manager

D. Vendor Selection and Procurement Techniques

1. Selection of Vendors

Potential vendors are selected for their ability to serve the needs of LSUHSC-S in the most economical and efficient manner possible on a continuing basis. Past performance of vendors and cooperation are important factors in vendor selection. The buying power of LSUHSC-S must be concentrated as much as possible with selected vendors to attain the maximum advantages of price and service. Many vendors have secured important shares of LSUHSC-S business on the basis of competitive contracts and exceptional service demonstrated repeatedly over long periods of time. Such well qualified suppliers are important assets.

2. Substitution of Suggested Vendor by Purchasing Department

The Purchasing Department may substitute a vendor on the requisition and buy from another source to take advantage of special circumstances or of an existing
contract. The standard of quality will not be changed except in necessary cases and with consultation between the buyer and the department requisitioning the item.

**Important:** For these and other reasons, no commitments, expressed or implied, should be made by departments unless authorized by the Purchasing Department.

3. **Suggestions of Supply Sources for Unusual Items**
Departments are encouraged to suggest sources of supply with complete addresses, particularly for unusual or non standardized items. Authority for the final selection of the vendor, however, shall be left to the buying staff of the Purchasing Department that is charged with the overall responsibility of developing and contracting the best sources of supply. When possible, the Purchasing Department will follow a requisitioner’s recommendations.

4. **Previous History for Commodities**
Usually items specified on a requisition have been handled before for other departments and an adequate history of the product, potential vendors, and their service capabilities and product availability is on hand in the records of the Purchasing Department or can be readily developed or updated.

5. **Emergency Buying**
EMERGENCY ORDERS MUST BE KEPT TO A MINIMUM. It is the policy of the Purchasing Department to assist in every possible way consistent with State Law in securing merchandise or services on an emergency basis. When necessary, emergency purchases will be made by the Purchasing Department by telephone and a confirming purchase order will be sent immediately to the vendor. No emergency purchase shall be made except on a duly executed purchase order signed by the Director of Purchasing.

6. **Small Orders Discouraged**
Small orders are extremely costly to LSUHSC-S and to vendors. Vendors are understandably resisting the obligation to deliver and invoice small orders on which the cost of handling may cut deeply into profit margins.

7. **Establishment of Current Prices**
Members of the Purchasing Department buying staff are kept informed about current prices through published price lists, price information available from salesmen, or published market data. If price cannot be determined from such sources, the proper price is established through competitive bids.

8. **Price as a Function of Value**
The Purchasing Department may examine prices quoted by several different suppliers to determine which price, in combination with the necessary quality features of the product and the service reputation of the supplier will afford LSUHSC-S the greater overall value.

9. **Standardization of Common Use Items**
Items in common use shall be standardized as much as possible in order to gain the maximum value of quantity discounts, to lessen the variety of items carried in stock in various departments, and to eliminate numerous small orders at retail prices and expensive processing costs.

10. **Determination of Quality Specifications**
The buyer shall make purchases on the basis of specifications, either on file or furnished by members of the faculty or staff. The determination of a desirable quality to accomplish necessary results will be a joint decision between the using agent, the department chairman, and the Director of Purchasing. (Example: Many vendors make "or equal" proposals which afford a better value by either meeting or exceeding the specifications.)

11. **Consolidation of Purchases**
Purchases of similar items or items from common sources shall be consolidated for purchasing wherever possible in order to gain maximum quantity discounts and
best vendor service. The Purchasing Department will take into consideration delivery schedules and costs.

12. **Competitive Bidding**

LSUHSC-S must comply with State Bid Laws. All contracts of whatever nature, for labor, services, work, or for the purchase or lease of materials, equipment, supplies, or property involving $5,000 or more, made by or on behalf of LSUHSC-S shall be let in accordance with the LA R.S. 39.

a. Purchases under $5,000 no competitive bidding required.
b. Purchases over $5,000 but less than $15,000 shall be made by receiving three written price quotations. Price quotations shall be solicited from three (3) or more qualified vendors. Whenever possible, at least one (1) of the bona fide, qualified vendors shall be a certified small and emerging business.
c. Purchases over $15,000 but under $25,000. No purchases with an estimated cost of over $15,000 but under $25,000 shall be made except by sending out written invitations to bid, or faxed invitations to bid to qualified bidders. Price quotations shall be solicited from five (5) or more qualified vendors with at least two (2) of the bona fide, qualified vendors shall be a certified small and emerging business. Bids may be advertised at the discretion of the agency. Bids will be publicly opened and read at a specific date and time.
d. Purchases over $25,000. Purchases with an estimated cost of over $25,000, shall be made by sending out written Invitations to Bid to at least ten (10) bona fide, qualified bidders, and shall stipulate that bids will be publicly opened and read at a specific date and time. Bids received after the time for opening must be returned to the bidders unopened. Invitations to bid, when accepted, may constitute a legal contract, Purchases over $25,000 shall be advertised in addition to the Invitations to Bid.

13. **Awarding of Bids**

Bids are awarded to the lowest, responsive bidder who meets specifications, with consideration given to delivery, location of the vendor and responsibility and past performance of the vendor. In most cases, acceptability of the low bid can be
determined by the Purchasing Office. However, in the case of technical and scientific commodities, low bids on other than specified Items may be sent to the requisitioning department for evaluation and recommendation as to acceptability. This recommendation will be reviewed and final determination made by the Purchasing Department. Any rejection of a low bid must be documented as to the reason why such bid is not acceptable, and this documentation will become a part of the bid file. State law requires that bid evaluation be based only on the requirements and specifications set forth in the "Invitation for Bids."

E. Time Required to Process Requisitions

1. To process requisitions in compliance with all the state purchasing laws, LSUHSC-S rules and regulations, and local policies and procedures, a certain amount of time is required to complete the transaction. In order to provide some sort of time frame for processing requisitions, we have listed below estimated time requirements to issue a purchase order after a requisition is received in the Purchasing Office.

This does not include the time required for the vendor to process the order and ship the item after a purchase order is received. The delivery time is stated by vendor on their bid, and while we can request delivery be expedited, factors beyond our control, such as back orders, manufacturing delays, etc., may exist and cause unanticipated delays.

a. Requisitions which have completed data, name of vendor, and all required signatures and approvals, when received in the Purchasing Office, will generally require the following processing time:

1. Orders for less than $5,000
   1 to 7 days

2. Orders for purchases from State Contracts or Open Bids
   1 to 7 days
3. Orders amounting over $5,000 but not exceeding $15,000 (handled through telephone or fax quote)
1 to 7 days

4. Orders amounting over $15,000 but not exceeding $25,000 (handled through fax or written quote)
7 to 30 days

5. Orders amount over $25,000 (requires written sealed bid and advertisement)
15 to 35 days

b. Requisitions which are incomplete and do not have necessary data, signature, or approvals may be delayed in processing. Some of the factors that can cause delays are:

1. Signature of Accounting on orders charged to grants.
2. Approval of Radiation Safety Officer for purchase of radioactive material.
3. Approval of Budget Office for equipment purchases.
4. Approval of Animal Care for animals and animal equipment or supplies.
5. Complete specifications for the items requisitioned, or attachment of a copy of the catalog page which describes the item in detail.
6. Estimated cost of the items on the requisition.
7. Names of vendors who can supply the items.
8. Signature of person authorized to sign requisitions.

2. Awarding of Bids

a. When bids or quotes have been received and tallied in the Purchasing Office and low bids are obtained on items which are not of the manufacturer or brand specified and Purchasing is unable to determine whether the low bids are "equal" or "equivalent", copies of the bids are sent to the department for evaluation and recommendation as to acceptability. This process often
increases the processing time to award a final bid. Therefore, departments are encouraged to submit their evaluation and recommendation as soon as possible when requested to do so.

3. **Workload in Purchasing**

   a. During peak workloads in the Purchasing Office, requisitions take longer than usual to process. Historically, Purchasing has experienced heavier than normal workloads during the closing of a fiscal year period and the beginning of a new fiscal year (May, June and July), and at the start of the academic year.

   b. Processing of routine requisitions may be delayed in Purchasing if the number of “emergency” or "rush" requisitions is very large. Emergency requisitions and requisitions for urgently needed items in support of research or teaching are given highest priority and processed ahead of routine requisitions. Excessive priority requisitions create delays in processing routine requisitions.

4. **Miscellaneous**

   Other factors which may enter into the time element involved in preparing bids and quotes are:

   a. Extremely long and difficult bid specifications which require careful proofing of the document before mailing.

   b. Obtaining approval and clearance from Physical Plant with regard to voltage requirements on large pieces of equipment and instrumentation requiring some preliminary work to be done by that department in order to accept the instrumentation.