



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

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| TOPIC: Section 6 – Purchasing 3.0 | EFFECTIVE DATE: 07/23/1997 |
| TITLE: Purchasing Processes and Transaction Thresholds | REVISION DATE: 09/23/2019 |
| AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services | |

BACKGROUND

Purchasing is governed by statutes and policies that are designed to assure an open and competitive process in the acquisition of goods and services for the Department. State procurement policies are documented in the State Procurement Manual at <https://doa.wi.gov/Pages/StateEmployees/ProManual.aspx>.

POLICIES

Employees making purchases must assure that procurements are conducted in a manner that prohibits the use of in-state or local geographic preferences. They must also assure that vendors who have developed or drafted specifications, requirements, requests for bids, or contract terms and conditions do not compete for those procurements. Typically, each division or institution business office designates a specific employee(s) who is a purchasing liaison who should be contacted to determine requisition or purchasing requirements.

Employees are cautioned not to commit funds or begin any purchasing procedure without the appropriate purchasing authority and budget funding or before receiving instructions from their purchasing liaison or business manager. State statutes allow that any employee who purchases materials or service contrary to established regulations may be liable for the cost.

The Department of Health Services (DHS) staff who have the Requisition Role in STAR can create a Purchase Requisition when a Purchasing Card (P-Card) is not feasible or a direct pay is not used. The Purchase Requisitions are processed through the statewide STAR system. For purchases \$5000.00 and under, the use of the requisition process is optional, therefore, a P-Card or direct pay method is valid.

Purchases for information technology (IT) equipment may be made with the P-Card or purchase requisition process. Software purchases are to be made through the Bureau of Information Technology Services (BITS).

NOTE: For the detailed process of how the Purchase Requisition moves through the Bureau of Fiscal Services (BFS)/Bureau of Procurement and Contracting (BPC) approvals to become a purchase order (PO) and, therefore, a legal and formal encumbrance, see P-16 – of the Procurement and Contract Management Policies on the BPC Website.

Purchasing Transactions:

- **\$5,000 and Under:** Goods and services at this level can be purchased from contracts that are already in place or from the vendor judged best able to furnish the items. When a mandatory contract exists, and the supplier(s) can provide the good or service required, purchase from that contract supplier is mandatory. With some exceptions, these “low dollar” purchases can be made without soliciting bids from vendors. Exceptions to this “best judgment” category include:

- Printing that must be bid regardless of the dollar amount.
- Legal services that are statutorily required to be approved by the Governor.
- Vehicles that require Department of Administration (DOA) approval.
- **Over \$5,000 through \$50,000:** Purchases of both commodities and contractual services at this level require documentation of “simplified bidding” to verify that the proper type and level of competition was conducted. This documentation can be entered on the Simplified Bidding Record, DOA-3088. In exceptional cases and with proper justification, the BPC Director may waive the bidding requirement for **contractual services** over **\$5,000 through \$25,000**.
- **\$50,000 and Over:** Purchases of commodities and contractual services at this level require an Official Sealed Bid, a Request for Proposal, or a Governor’s Waiver of Bid. Program staff should contact DES via the DHS Procurement and Contracting mailbox or through the BPC website, to determine the proper procurement methodology and to develop the solicitation and justification required. Purchases of **contractual services** at this dollar level and above also require additional justification and approval processes. Contact the purchasing office for this.
- **PRO-E-4 allows exceptions to the above thresholds and bidding for selected purchases such as fees, witness costs, registration and other items listed. An exception may be requested by the originating division Administrator if the purchase meets the criteria under PRO-E-4 such as required fees for accreditations. Exception requests and the requisition if over \$5,000 must be submitted and reviewed by DHS purchasing staff in BPC.**

Attachment 1 shows the Purchasing Processes Summary.

The BFS lead accountant under contacts is the person that must approve Purchase Orders at the second level after a requisition or PO or Change Order is entered into STAR.

ATTACHMENTS

Purchasing Processes Summary

FORMS

1. [Simplified Bidding Record, DOA-3088](#)
2. [Printing and Creative Services Requisition, F-80913](#)

REFERENCES

[State Procurement Manual](#), including PRO-E-2, Purchase Requisition
[Wisconsin Administrative Code Adm 5.03](#), Initiating Procurement Actions
[DHS Procurement and Contract Policies](#)
[P-16-Purchase Requisition to Purchase Order Process](#)

[PRO-E-4 Direct charges, invoices ,and vouchers](#)

CONTACTS

[Purchasing Staff Contacts](#)
[Lead Accountant](#)

ATTACHMENT**PURCHASING PROCESSES SUMMARY
(Non-Printing Transactions)**

- **\$5000 and under**
 - Requisition or Purchase order Optional
 - Best Judgment or state contract
 - Direct charge process or Purchasing Card if no purchase order
- **Over \$5,000 through \$50,000**
 - Requisition required
 - Documented simplified bid or state bulletin
 - Contact at least 3 vendors
 - phone quotes, faxes, current catalogs
 - Purchase Order
 - Encumbrance
- **Over \$50,000: Contact the Bureau of Procurement and Contracting (BPC)**

Invoices:

Invoices, approved with an “OK” to pay by an authorized person of the state, should be submitted to the Accounts Payable unit in the Expenditure Accounting Section at 1 west Wilson, Room 756. Please review and use APP Section 1 Business Standards 1.0 and APP 1.2 to understand the Basic Standards for Financial Transactions and Invoicing.

1. Invoices referencing a purchase order (PO) number should include a completed PO payment record, form F-02042 and must include a Receipt ID for processing in STAR. Any invoices referencing a PO number without a receipt will be returned to the requester.
2. Invoices which are no greater than \$5,000 and do not reference a PO number must include a completed Direct Voucher Payment record, form F-02024 for processing in STAR. Any invoices received exceeding \$5,000 without referencing a PO number will be returned to the requestor and will be required to follow all mandatory state purchasing policies.
3. Invoices which are submitted as Payment Requests must include all account and fiscal coding and must have the required supporting documentation attached for processing in STAR. Any Payment Requests that do not include the required information will not be processed.
4. Invoices for utilities (gas, waste management, phone bills etc.), General Services Billing , Inter agency transfers and other non-procurement transactions may follow alternate processes as defined by the Wisconsin Accounting Manual (WAM) and the Wisconsin Procurement Manual.