



Procurement of Goods & General (non-P/T) Services Processes and Procedures

For Procurement of Goods & General (non-P/T) Services Policy (FM017)

10-21-2021

Introduction

This document is the technical companion to the Minnesota Department of Transportation's (MnDOT's) [Procurement of Goods and General \(non-P/T\) Services Policy](#).

The Minnesota Department of Transportation must comply with the state policies issued by the Minnesota Department of Administration, Office of State Procurement (OSP) governing the procurement of goods and general (non-P/T) services.

Definitions

Authority for Local Purchase (ALP)

A delegation from the Commissioner of Administration to individuals in agencies of state government to directly purchase certain goods and services.

Note: To obtain this delegation, an individual must attend the Department of Administration's certification class and pass a test. Employees must complete an [EIOR](#) and the training representative will register them for the class. MnDOT's Director of Materials Management must approve all requests to attend the class prior to registration. MnDOT's Director of Materials Management may further restrict ALP authority levels for an individual or within the agency.

Blanket Purchase Order

An entry process in SWIFT that establishes an encumbrance for multiple purchases and allows for multiple payments to one or more vendors. Blanket purchase orders are used for annual recurring purchases involving a specific commodity or service when multiple payments are expected. These orders are usually set at the beginning of the fiscal year anticipating the costs of a specified product or service need for the year.

Encumbrance

The commitment of a portion or all of an allotment in order to meet an obligation that is expected to be incurred to pay for goods or services received by the state or to pay a grant.

Note: For an encumbrance, an amount of money is set aside in an operating account for a specific obligation using a purchase order or blanket purchase order.

Electronic Inter-Office Request (EIOR)

The electronic process used for the request and approval of a purchase/contract.

Office of State Procurement (OSP) – Acquisitions Team

The Acquisitions Team of the Minnesota Department of Administration Office of State Procurement (OSP) provides leadership and service to government entities in the acquisition of goods and services in a socially and environmentally responsible manner.

Note: The Acquisitions team is responsible for the efficient, timely and cost-effective delivery of goods and services that will improve the quality and productivity of Minnesota government. See the [Office of State Procurement website](#) for more information on the laws and rules governing state contracting.

Packing Slip

An itemized document of products or services received.

Note: Any of the following items constitutes a packing slip:

- Receiving reports
- Itemized invoices
- Substitute receipt reports

Procurement

The act of obtaining or buying goods and services and must be conducted in accordance with statewide policies, state statutes, rules, and regulations on procurement.

Note: The process includes preparing and processing a purchase as well as receiving and approving payment and often involves:

- Purchase planning
- Purchase approvals
- Standards determination
- Specifications development
- Supplier research and selection
- Value analysis
- Price negotiation
- Executing the purchase
- Receipt of the goods and/or services
- Contract administration
- Inventory control
- Disposals and other related functions

Purchasing Violation

A purchase violates [Minn. Stat. §16a.15](#) when an obligation is incurred prior to encumbrance, and violates [Minn. Stat. §16C.05](#) when an obligation is incurred prior to contract execution.

Separation of Duties

An internal control practice designed to reduce the opportunity for errors and to protect employees. Duties are separated so that no one person carries out all phases of a business transaction from beginning to end.

Solicitation

Any Request for Bid (RFB), Request for Proposal (RFP), Telephone Quote or SWIFT Event that is issued by an ALP certified buyer.

SWIFT (Statewide Integrated Financial Tools)

The online financial, procurement, and reporting system used by the State of Minnesota.

Technology Quote Request (TQR)

The electronic process used by MnDOT employees to request a quote for an IT purchase from MNIT Services.

TG/ED/VO Vendor (Targeted Group/Economically Disadvantaged/Veteran-Owned)

A vendor certified by the Office of State Procurement as meeting certain criteria. A “TG” vendor is a business owned by a woman, a person in a racial minority, or a person with a substantial physical disability. “VO” is a certified veteran-owned business and an “ED” vendor is a business located in an area of Minnesota that has been determined to be economically disadvantaged. For further information, see [TG/ED/VO Small Business Procurement Program](#), Minnesota Department of Administration.

Procedures

Procurement Process

All MnDOT employees are responsible for the appropriate use of all procurement tools, including purchasing cards, fleet cards, and emergency cards. Employees must adhere to state procurement laws, rules, policies, and procedures, including the ALP Manual, and the highest ethical standards when conducting state business.

All purchases of goods and general (non-P/T) services must be requested and approved through EIOR (Electronic Inter-office Request) with the exception of inventory replenishment purchases, FleetFocus™M5 repair part requests, purchasing cardholder transactions, and contracts or agreements in other MnDOT tracking applications.

Each purchase request submitted through EIOR requires approval by the delegated person for the office or district within their authorized approval level. The agency allows self-approval provided it is within the approver’s authorized authority level. Refer to <http://eior/eior/> for additional information on dollar thresholds. Additional approvals may be required for any purchase request for information technology goods or general (non-P/T) services. All districts and offices are responsible for maintaining a current list of employees authorized to approve EIOR requests. Submit updated lists to mms.dot@state.mn.us.

Following approval of the request

- The ALP-certified buyer will enter the order electronically into SWIFT and dispatch the order to the vendor (see below, Authority to Purchase). An ALP-certified buyer may also use a Purchasing Card as an alternative payment method.
- The buyer, requester, or receiver is responsible for receiving the goods and services along with any required packing slip. If the buyer is also the receiver of the goods, another employee must verify that the goods received match the goods ordered and sign the packing slip.
- Documentation of receipt is required for invoice payment.

Procurement Documentation

A procurement file must comply with audit requirements and be retained according to the [MnDOT Records Retention and Disposal Policy](#) and [MnDOT Retention Schedule](#), and include documents that are applicable to the particular procurement. Procurement files should be kept electronically whenever possible and include:

- Written specifications
- Documentation of telephone bids or online bids, vendor bid responses
- Vendor Performance Report
- Purchasing violation forms
- Certification forms
- Single Source Orders (SSO)
- No Substitute forms
- Packing slips or payment authorization
- Additional information pertinent to the purchase

Buyer Requirements

Authority for Local Purchase (ALP)

All buyers must maintain their Authority for Local Purchase delegated authority from the OSP and remain knowledgeable on state procurement laws, rules, policies, and procedures, including the ALP Manual, bid process, Targeted Group/Economically Disadvantaged/Veteran-Owned vendor requirements, Equity Select Program, and use of contracts. Only authorized ALP-certified employees can award bids and sign purchase orders.

The Commissioner of Administration may delegate duties to an agency head or any subordinate of the agency head, to purchase certain goods and general (*non-P/T*) services,

- Delegation authority may be rescinded at any time,
- Delegation authority is specific to an individual and cannot be transferred, assigned, or otherwise delegated.
- Delegated representatives who are ALP certified are required to oversee, review, and approve all agency purchasing by others who are authorized to purchase up to \$5,000 but are not ALP-certified. The purchaser certified by OSP must ensure that agency staff know and follow the State of Minnesota purchasing laws, rules, policies, and procedures, including the ALP Manual.

The MnDOT Materials Management Director must approve all new ALP training requests and determine agency staff purchasing delegation levels. ALP authority will only be approved for those individuals who are in a position with job duties that require the certification.

The certification comes with great responsibility to remain knowledgeable of current state procurement laws, rules, policies, and procedures, including the ALP Manual, to maintain department integrity through the purchasing process.

The buyer must follow all applicable procurement laws, rules, policies, and procedures, including the ALP Manual, for each purchase. Applicable requirements include, but are not limited to the following:

- TG/ED/VO inclusion

- Promotion of fair and equal opportunities to vendors
- Use of state contracts
- Solicitation process
- Advertisement requirements
- Service certifications

Buyers must route any requests over their ALP authority to a buyer with the proper ALP authority for the purchase.

- Splitting purchases to fit within the buyer's authority is not permissible.
- Any orders above the agency's ALP authority must go to the OSP for solicitation.
- All purchases, except for field purchase orders, emergency purchases, increases by not more than 25% up to \$5,000, and first year biennial budget encumbrances (see below) require fund encumbrance prior to any obligation with a vendor. An approved written exception by the OSP or Minnesota Management & Budget is required.
 - Increases of previous encumbrances by not more than 25%, up to \$5,000 are acceptable. This exception only applies to costs that exceed encumbrances, not for failure to encumber or the addition of goods or quantities not covered in the original encumbrance.
 - In the first year of a biennial budget, funds may be encumbered after the fiscal year budget is available, no later than July 31st.
 - If there is an agency need to reserve space or services for an event in a future fiscal year (e.g. conferences, training) to ensure space or service are in place, funds may be encumbered after the fiscal year budget is in place, no later than July 31st.
- Solicitations must include the name and contact information for the State-authorized representative to respond to questions. Any response not already included in the solicitation must be communicated with the buyer in order to provide a written addendum to all potential responders.

Purchasing Violations

A violation occurs when an employee knowingly or unknowingly fails to adhere to the requirements of this policy or any applicable procurement laws, rules, policies, and procedures, including Minn. Stat. §§16a and 16c and the ALP Manual (See Department of Administration's Encumbrance and Contract Execution Policy 21-01).

- For goods and services purchasing violations, except for contract, agreement, or construction purchases that are tracked in other MnDOT applications, the person responsible for the violation must complete the 16a process in EIOR.
- A review of the violation could result in suspension or termination of SWIFT clearance, approval authority, or ALP delegation, and/or disciplinary action, up to and including dismissal.

Separation of Duties

- One employee cannot be solely responsible for all aspects of the purchase (purchasing, receiving, distributing, or adjustments) unless mitigating controls are in place.
- Payment authorization must remain separate from at least one of the duties of purchasing, receiving, and issuing of inventory.

Special Circumstances

Emergency Purchase

- An emergency purchase is an authorized purchase made in order to avert damages to state property, to avoid injuries to state personnel and the general public, or to order repairs to ensure that the operation of an office/division or state office is not seriously hampered or delayed for an extended period of time. OSP or an agency head must declare an emergency. Employees making an emergency purchase must report the details of emergency actions to OSP as soon as possible and document the purchase by completing the “Acquisitions Request for Emergency Authorization Form” or in writing as soon as practical.

Urgent Purchase

When an urgent purchase is necessary and the employee is not at his or her primary work location, the employee must contact their local purchasing staff prior to incurring an obligation. These situations only occur when an immediate need arises that would result in additional cost, time, or a delay in the completion of a project. Employees should verify with their local purchasing staff on the appropriate procedure or process.

- After the purchase, the employee must create an EIOR promptly upon return to the primary work location.
- When creating the EIOR, the employee must document the circumstances for the urgent purchase within the EIOR for validation and transparency.

If time constraints in the validation process do not allow an EIOR to be processed for equipment purchases during the end of biennium spend down, or a manufacturer cutoff date occurs, a purchase order must be encumbered with a verbal and/or written approval. The EIOR must then be created and approved with all written and/or documentation of verbal approvals attached.

Technology-related Purchases

Technology-related purchases must start with the TQR Process found on the [MnDOT IT Storefront](#) and follow the procedures for information technology.

Special Expenses

All special expenses and out-of-state travel purchases must follow the process outlined in the [MnDOT Business Manual](#), Travel and Special Expenses chapters. Requests through EIOR for travel expenses or special expenses must have signed authorization forms attached.

Airfare Purchased by Aeronautics

Request and Authorization for Out of State Travel forms are used for approval of all airfare purchased by Aeronautics in lieu of the EIOR process. When this process is followed, Aeronautics may procure air travel on behalf of other employees.

Blanket Purchase Orders

Blanket purchase orders are used for items that will have multiple payments throughout the year. See the [Blanket Purchase Order Guide](#) for instructions and limitations.

Purchasing Card Use

The purchasing card is an alternative payment method. The [MnDOT Purchasing Card Use Policy and the MnDOT Purchasing Card Processes and Procedures](#), in conjunction with the [Purchasing Card Use Policy 1b](#) issued by the Minnesota Department of Administration, provide direction on purchasing card use by MnDOT employees.

Non-ALP Encumbrances

When other contracting methods are utilized pursuant to MnDOT's procurement authority under Minnesota Statutes, Authority for Local Purchasing limits do not apply. As such, the purchasing levels and requirements that Authorized Local Purchasers must normally follow do not pertain to these transactions. When creating the purchase order, the buyer is documenting and encumbering a purchase made by MnDOT's authority under Minnesota statute.

Rewards and Rebates

To protect the agency and its employees, MnDOT prohibits the use of vendor rewards, rebates, and coupons by employees. Any gift cards or rewards received must be cut up, placed in an envelope, and retained with the purchasing file. When using a purchasing card, see the Purchase Card Use Policy (FM013) for documentation requirements for a P-Card purchase that may include rewards or rebates.

Bidder Protests

Follow procedures in the [Department of Administration Purchasing Policy 14](#), for bidder protests. Notify the Materials Management Section of any bidder protests. The Materials Management Section will consult with the Office of Chief Counsel, as needed.

Vendor Performance

If a vendor performance issue occurs, the requester must communicate the concerns directly with the vendor and the buyer, documenting the issues and attempts at resolution. The requestor must also inform their manager or supervisor of the problem.

If the issue is not resolved, the requester should work with the buyer to submit a [Vendor Performance Report](#). The buyer must report the issue via the online Vendor Performance Report on the OSP website.