

WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
ADMINISTRATIVE PROCEDURES
VOLUME VI, CHAPTER 7

SUBJECT: PURCHASING
CHAPTER TITLE: PURCHASES \$10,000 AND UNDER

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I. INTRODUCTION

Effective: 8/1/2002

The State Purchasing Division (West Virginia Department of Administration) delegates authority to individual agencies to independently purchase products and services with a value of \$10,000 or less. The Department of Transportation (DOT) categorizes these purchases according to purchase amount (or if bids are required or not), what is being purchased (product or service, and which kind), and whether the purchase is "one-time" or recurring (and, if recurring, whether or not it is on contract).

The purpose of this chapter is to thoroughly explain the processes involved with each kind of purchase in the "\$10,000 or less" category. The purchasing policies of the DOT will not be covered here, having already been covered in Chapter 3 of this volume. Additionally, the Purchasing Card Program and Statewide & Agency Contracts are omitted from this chapter, although some purchases of \$10,000 or less may be made with either (they are explained in Chapter 5 and Chapter 6, respectively).

Several REMIS Purchase Types, introduced in Chapter 4 of this volume (the ones not revisited in subsequent chapters), will be explained in greater detail in this chapter. Employees who are unfamiliar with DOT purchasing should read Chapter 4 to determine which purchasing means to use before beginning any of the processes covered in this chapter.



II. DOT-105 PROCESS

Effective: 8/1/2002

Purchases made on Form DOT-105 (Small Purchase Requisition/Receipt Record) will be for purchases up to \$5000 of items or services that are not bought on a recurring basis, that are paid for with a single payment, and are not attainable with the Purchasing Card. The DOT-105 process is supported in REMIS by Purchase Master Records only, but item identification is permitted through the Purchase Receipt (PR) process.

A. 105 INITIATION

DOT-105 purchases are initiated at any DOT organization level. However, internal processing and level of authority may vary depending on the structure of the agency/organization. In any case, the following steps will be taken.

1. The authorized employee (storekeeper) of the purchase organization contacts vendors for item availability, pricing, etc. Remember to obtain bids for purchases over \$1,000 to \$5,000 and complete Form DOT-105B.
2. Then obtain prior approval for the purchase as prescribed by your agency/organization management. This typically involves:
 - a. Authorized employee at purchase organization prepares the required approval request form (either Form DOT-105 or other as specified by your agency/organization) and secures approval at purchase organization level.
 - b. Purchase organization employee contacts agency/organization headquarters' storekeeper or sends Form DOT-105 (and DOT-105B) to request approval.
 - c. Headquarters' storekeeper reviews request.
 - i. If the purchase requires DOT management approval, prepare and send the required request memo to the appropriate manager. See Volume VI, Chapter 4, Appendix B of the DOT Administrative Procedures.
 - ii. If the request is approved, the storekeeper assigns a 105 Purchase Number from, and completes the information required on, Form DOT-2, Small Purchase Authorization Control Log. For information on 105 Purchase Numbers, see Chapter 4 of this volume.
 - iii. The storekeeper then advises the purchase organization of approval and relates the 105 Purchase Number.
 - iv. The storekeeper then enters the 105 Purchase Master through REMIS, HW-50, "PS" function.

B. 105 ORDERING

Effective: 8/1/2002

1. Following purchase approval, the purchase organization storekeeper places the order with the chosen vendor. Telephone, FAX (using Form DOT-105F), e-mail or other means of ordering are acceptable.
2. After placing the order, the purchase organization storekeeper notifies the employee who will receive or pick-up the order. Give this employee a description of the items ordered and the expected delivery date. A copy

- of the order document can serve this purpose.
3. The organization storekeeper then files the approval document and the order and gives the accounts payable clerk a copy.

C. **105 RECEIVING**

Effective: 8/1/2002

"Authorized Receiver Requirements" apply, if the purchase was made under any of the applicable object codes listed in DOT Volume VI, Chapter 10, Section III (see that chapter for list and details.)

1. Upon pick-up or delivery, the organization's receiving clerk inspects the goods, in accordance with Volume V, Chapter 3 of these procedures. The clerk must note any changes or adjustments on the vendor's delivery document.
2. The receiving clerk then signs the delivery document and submits it to the organization's accounts payable clerk.
3. The organization's accounts payable clerk then makes Payable Receipt (PR) entries to REMIS.
 - a. Note all information needed for computer entry on the delivery document (purchase number, accounting, inventory, etc.) or use the previously prepared DOT-105 and enter the PR.
 - b. Entries are made on a one day delay basis (last business day's receipts entered today).
 - c. Enter receipts by specific item when separate accounting, separate inventory classification, etc., is required.
4. Following PR entry, the organization's accounts payable clerk files the delivery/receipt document.
5. Invoice payment processing occurs following receipt of the vendor's invoice. Perform payment processing in accordance with the guidance in Section VI of this chapter.



III. **SPO PROCESS**

Effective: 10/15/2002

Small Purchase Other (SPO) is used for "sign-up" services that do not require a Business Service Agreement, but do require periodic (monthly, quarterly, etc.) payments. The SPO is normally the result of a subscription or similar arrangement with the vendor. Examples include, newspaper and magazine subscriptions, postage, membership dues, etc., which require multiple payments over a year. The SPO process is limited to \$5,000 per year per purchase or service, unless it is an "exempt" purchase such as trash hauling. See Chapter 3, Section 4C of this manual for a complete listing of purchases that are exempt from bidding requirements.

By definition, this purchase type involves services that are recurring and may be utilized by

several locations or offices within an agency or organization. Therefore, the SPO process is supported in REMIS by Purchase Master records as well as Line Item Master records. When services of a single vendor are provided to multiple locations, recognize each with the establishment of a Line Item Master within the Purchase Master for that service.

A. SPO INITIATION

1. As need for an SPO purchase occurs, the agency/organization headquarters' storekeeper requests and documents any prior approvals as required by agency/organization management. No DOT approval form is prescribed for this, but documentation is required to support management review and approval.
2. If approval is also required at a higher level, such as the DOT Business Manager (see chapter 4 of this volume), the required memo is prepared and submitted.
3. If approved, the headquarters' storekeeper:
 - a. assigns a Purchase Number from, and completes the information required on, Form DOT-2, Small Purchase Authorization Control Log.
 - b. The storekeeper then advises any subordinate organizations involved of approval and relates the Purchase Number.
 - c. The storekeeper then enters the SPO Purchase Master and Line Item Masters through REMIS, HW-50, "PS" function.
 - Form DOT-35, Purchasing Requisition & Code Sheet may be used but is not required. If it is not used, however, some type of documentation must be on file to support the establishment of the Master.
4. For exempt SPO purchases over \$5,000, a *No Debt Affidavit* must be sent to and returned signed by the vendor before placing the order.

B. SPO ORDERING

Effective: 10/15/2002

The headquarters' storekeeper places the order with the vendor (submits a completed subscription form, order, etc.) and sends a copy of any approval and order documentation to the subordinate organizations involved.

C. SPO RECEIVING

Effective: 10/15/2002

"Authorized Receiver Requirements" apply, if the purchase was made under any of the applicable object codes listed in DOT Volume VI, Chapter 10, Section III (see that chapter for list and details.)

For SPO purchases, the receiving process generally follows the requirements of

105 purchases. That is, the ordered products or services are provided, then REMIS Purchase Receipts (PR) are entered, then an invoice is received and processed for payment. Form DOT-90 may be used to ensure accurate accounting during PR entry, but use of this form is optional.

However, for subscriptions, association memberships, etc., the vendor typically demands payment before providing the product or service. Also, there normally is no invoice, only a subscription or application. In these cases, entering the PR to REMIS and processing the payment in advance is permitted. The completed subscription or application along with the written approval document(s) serves as the invoice.

Following PR entry, perform payment processing in accordance with the guidance of section VI, Invoice Processing of this chapter. A copy of the *No Debt Affidavit*, if required, must be sent with the invoice for payment processing.



IV. **SPB PROCESS**

Effective: 10/15/2002

The Small Purchase Bids Attached (SPB) process is used when goods or services to be purchased will cost over \$5000, up to and including \$10,000. This type of purchase requires completion of a Purchasing Requisition and Code Sheet (Form DOT-35) and a Purchasing Requisition (Form DOT-35A).

A. **SPB INITIATION**

The SPB process may be initiated at any DOT organizational level by completing a Requisition Package. This consists of the agency/organization prescribed internal approval form (Form DOT-35, Purchasing Requisition and Code Sheet may be used for this purpose) and Form DOT-35A, Purchasing Requisition.

The Requisition Package is used to relate exactly what is required in terms of item or service specifications, quantities, delivery terms, etc. This information must be carefully and completely detailed to ensure satisfactory DOT review and evaluation, and vendor recognition of the required goods and/or services for bidding and delivery. The information is also required to establish the purchase on the REMIS Purchase System, to post receipts and incur liability, which permits invoice assignment and payment requisition.

1. The authorized employee (storekeeper) of the purchase organization prepares the approval request form or Form DOT-35 as prescribed by agency/organization management.
2. Upon obtaining purchase organization approval, the approval request form is submitted to the agency/organization headquarters' storekeeper for review.
3. If the request is approved, Form DOT-35A is then completed and submitted for agency/organization management approval. Since Form DOT-35A includes a

Requisition, Request for Quotations and an Order, it is essential to fully complete the form and to exactly describe the items.

- a. The organization must specifically describe the item or service, quantity desired, "ship to" location, delivery requirements (F.O.B. Destination), and any other terms or conditions. The following conditions will be conspicuously typed on all SPB quotations: "INVOICE ORDER AFTER COMPLETE DELIVERY" and "INVOICE MUST REFERENCE DOT REQUISITION NO.".
 - b. Materials or services specifications must not be written in such a way as to prevent competitive bidding. Brand names may be used to identify the needed item, but the words "or equivalent" must be included in the description.
4. Following approval of Form DOT-35A, the agency/organization headquarter's storekeeper assigns a Requisition/Purchase Number from, and completes the information required on, Form DOT-3, Purchase Order Control Log.

B. SPB QUOTATIONS & AWARD RECOMMENDATION

Effective: 10/15/2002

1. Following completion of Form DOT-35A, submit the *Request for Quotations* to vendors for bidding. Also, a *No Debt Affidavit* must be sent to each bidder for completion and return, for purchases that will exceed \$5,000. Remember to get at least three bids and that a "no bid" is not a bid. See the guidance in Chapter 3 of this volume.
2. After the bid submission deadline has passed, each vendor's bid is evaluated to ensure that all specifications, terms and conditions have been met.
3. Upon completing the bid evaluation, select the vendor(s) whose bid(s) will provide the materials or services at the best value. Then prepare a letter of award recommendation.
4. If splitting the award between vendors or if award to a vendor other than the lowest responsible bidder is recommended, a thorough justification must be written. The reasons must be technically correct and not subjective or prejudicial. This justification must be signed by the evaluator and becomes a part of the requisition package and bid file.
5. Following purchase organization/agency vendor award recommendation, the headquarters' storekeeper establishes a REMIS Purchase System Master and corresponding Line Item Master Record(s) for the recommended vendor.
6. Afterward, use Form DOT-19, Document Transmittal to send the original Purchasing Requisition, Request for Quotations, Purchase Order (all parts of the DOT-35A), and vendor award recommendation to Transportation Finance Division, Procurement Section. Also send a copy of all other approval documents and other pertinent information. The organization headquarter's storekeeper retains a copy of all documents.

C. SPB ORDER

Effective: 8/1/2002

1. Transportation Finance Division, Procurement Section will make a thorough review of the Bids Attached Package and the established Purchase Master and Line Item Master. If either is found to be unacceptable, the Bids Attached Package may be returned to the initiating organization with instructions for correction.
2. Upon acceptance, Transportation Finance Division, Procurement Section will complete the Purchase Order (Form DOT-35A) with their recommendation of vendor award. The Bids Attached Package is then forwarded to the DOT Finance & Highway Business Management Director (Business Manager) for review.
3. Upon receipt of the Business Manager's approval, Transportation Finance Division, Procurement Section will issue the Purchase Order to the chosen vendor. If the awarded vendor differs from the one previously established by the initiating organization, or if other corrections are necessary, Transportation Procurement will revise the Purchase Master and Line Item Master(s). All paperwork will be retained in their master purchase files.
4. Official notification of vendor award and order issuance will be acknowledged through the REMIS Purchase System. All SPB Purchase Masters include a Purchase Tracking Screen, which provides the initiating organization with a means of monitoring the order and its approval progress. Once the Bids Attached Package is received, Transportation Finance Division, Procurement Section will enter progress dates to the Tracking System for each order. Foremost among these, for the initiating organization, is the "Date Approved" field, which signifies order approval and issuance to the vendor.

Alternately, organizations have the capability to print a computer report which lists their outstanding requisitions, along with pertinent Tracking System date entries.

D. SPB RECEIVING

Effective: 8/1/2002

"Authorized Receiver Requirements" apply, if the purchase was made under any of the applicable object codes listed in DOT Volume VI, Chapter 10, Section III (see that chapter for list and details.)

1. Upon a vendor's delivery of goods and/or services, the receiving employee will inspect the goods or services, confirm receipt and condition by signing and dating the vendor's delivery ticket, and submit the delivery ticket to the organization's accounts payable clerk.
2. Upon receipt of the vendor's delivery ticket, the organization's accounts payable clerk will:
 - a. make required notations on the delivery ticket to link it to the purchase order (Purchase Org., Purchase No., Line Item No., Inventory Units, Quantity times Unit Price Extensions, etc.) (Optionally, Form DOT-5 or DOT-5C may be used);

- b. perform REMIS Payable Receipt (PR) entry using the delivery ticket;
 - c. initial and date the delivery ticket to signify entry;
 - d. file a copy of the delivery ticket;
 - e. and send the original, signed delivery ticket to the organization's chief financial officer.
3. Additional steps towards payment processing are found in Section VI. (Invoice Processing) of this chapter.



V. **BSA PROCESS**

Effective: 9/1/2002

The BSA purchase type applies to any Business Service Contracts, Equipment Rental and Maintenance Agreements, and Lease Purchase Agreements up to \$10,000 per agreement period. These methods of procurement are for recurring services or equipment use over a specified period of time. In the case of Lease Purchase Agreements, obviously, the specified period ends with DOT ownership of the equipment. For approval requirements of particular services, see Chapter 4 of this volume.

A. **BSA INITIATION**

Effective: 10/15/2002

A BSA may be initiated as a requirement of the Department of Administration Purchasing Division, or because a DOT organization desires to guarantee price protection or some other form of vendor performance over a certain period of time. Organizations anticipating the need to establish a BSA must first consult with Transportation Finance Division, Procurement Section to ensure that no current contract or agreement exists that could satisfy the organization's needs. Also, organizations must obtain Procurement's advisement as to what forms and processing approach will be required. The normal initiation is as follows.

1. Business Service Agreements are initiated at the organization headquarters level by an authorized manager on Form WV-48 (Agreement) or on the vendor's agreement form used with Form WV-96 (Agreement Addendum).
 - a. Business Service Agreements for \$500 or less do not require competitive bids.
 - b. For Business Service Contracts and Equipment Maintenance Agreements from \$501 to \$5,000, the required telephone bids may be documented on Form DOT-105B.
 - c. The completed WV-48 or vendor's agreement form (submitted with WV-96) must effectively establish and identify minimum performance requirements and capabilities, proper justification, projected cost savings, etc.

2. The storekeeper at organization headquarters will assign a Purchase Order/Agreement Number from the Purchase Order Control Log, Form DOT-3, as explained in Chapter 4 of this volume.
3. The storekeeper or other appropriate person will solicit bids as required (see "1." Above for requirements) and send a *No Debt Affidavit* to each bidder for completion and return, for purchases that will exceed \$5,000.
4. Once bids are received, the initiator of the request will evaluate them and identify the lowest responsible bidder.
5. Upon completion, the Requisition Package (WV-48 or vendor's agreement form and WV-96 with the bid information and a letter of award recommendation) will be submitted to the organization manager for review and approval.
6. If approved, the organization manager will sign the letter of award recommendation and forward the requisition package to the organization headquarters storekeeper for REMIS entry.
7. The headquarters storekeeper will access HW-50, "PS" function, to establish a BSA Purchase Type, Master, and Line Item record.
8. After entry, the originating organization retains one copy of the Requisition Package and forwards the original (using Form DOT-19) to Transportation Finance Division, Procurement Section.

B. BSA EXECUTION

Effective: 9/1/2002

Upon receipt of the Requisition Package, Transportation Finance Division, Procurement Section reviews the documents, ensuring that all required information is complete. The required modifications to the WV-48 or vendor's agreement form with WV-96 as well as the REMIS Purchase Master are then performed.

1. Transportation Finance Division, Procurement Section will then transmit the necessary contract/agreement and addendum forms and completion instructions to the initiating organization. This advisement may instruct the organization to secure the vendor's signature on their own standard agreement form, a Purchasing Division Standard Contract, or an agreement written by the DOT. The vendor's signature on any associated addendum will also be required.
2. Once all required documents have been prepared and signed by the vendor, the originals will be transmitted back to Transportation Finance Division, Procurement Section for contract/agreement execution.
3. Transportation Finance Division, Procurement Section, upon receipt of the vendor-signed Agreement and required Addendum, reviews the documents to ensure that all required information is complete. This being satisfied, the REMIS Purchase Tracking System is appropriately updated and the Agreement Package is forwarded to the Business Manager for approval or disapproval.
4. If the Business Manager determines the contract/agreement to be in the best interest of the DOT and is within the budgetary limits, it will be approved by signature. The Agreement Package is then returned to Transportation Finance Division, Procurement Section.

5. Procurement Section of Transportation Finance Division completes the WV-48 or WV-96 (if vendor's agreement form is used), files copies, and submits the original documents and Notice of Contract Award to the originating organization. The originating organization files the original documents and Notice of Contract Award, sends copies to the appropriate vendor, and submits the order. Procurement Section enters the "DATE APPROVED" to the REMIS Purchase Tracking System and the REMIS Purchase System Master. The System will now allow invoice posting (receipt entry).
6. Upon receipt of a copy of the Notice of Contract Award, the REMIS Master/Line Item records (if previously established) must be reviewed and appropriately modified by the initiating organization in order to agree with the Contract or Agreement as awarded.



VI. INVOICE PROCESSING

Effective: 10/15/2002

Regarding invoice processing, "Authorized Receiver Requirements" apply, if the purchase was made under any of the applicable object codes listed in DOT Volume VI, Chapter 10, Section III (see that chapter for list and details.)

All invoices for purchases \$10,000 and under (Small Purchase Authorization) must carry the following information, if applicable.

- Invoices must be completely itemized with dates, unit costs, quantities, descriptions of merchandise purchased, etc.
- Labor charges on invoices must reflect the number of hours worked, the rate per hour, and a total labor cost.

A. **RESPONSIBILITIES OF ORGANIZATION'S ACCOUNTS PAYABLE CLERK**

1. Upon receipt of the vendor's invoice, the organization's accounts payable clerk will:
 - a. check for correct billing (check items and prices against purchased/quoted amounts and get corrected invoice if required);
 - b. "Payment Stamp" the original invoice for REMIS identification and complete the Payment Stamp information on the original invoice;
 - c. sign and date the receipt/payment certification statement on the original invoice and attach a copy of the signed *No Debt Affidavit*, if required;
 - d. and make the required number of invoice copies. The number of copies will be determined by what is needed for internal distribution with the original and one copy eventually being

forwarded to Transportation Finance Division, Accounts Payable Section.

2. For **SPB purchases**, the accounts payable clerk will receive the vendor's delivery ticket rather than the invoice, and will perform the following:
 - a. make required notations on the delivery ticket to link it to the purchase order (Purchase Org., Purchase No., Line Item No., Inventory Units, Quantity times Unit Price Extensions, etc.) (optionally, Forms DOT-5 or DOT-5C may be used);
 - b. perform REMIS Payable Receipt (PR) entry using the delivery ticket; and initial and date the delivery ticket to signify entry and attach a copy of the signed *No Debt Affidavit*, if required.
3. After checking the invoice or delivery ticket and making PR entries, the accounts payable clerk will file one copy and submit the original and any additional copies required to the organization's chief financial officer.

B. RESPONSIBILITIES OF THE ORGANIZATION'S CHIEF FINANCIAL OFFICER

Effective: 8/15/2002

Upon receipt of the certified invoices or signed and dated delivery tickets, the chief financial officer will reconcile these documents to the REMIS PR records. This is best accomplished (particularly with 105 and SPB purchase types) by printing a "Receipts Report", TSO-Accounts Payable-Report 403, and performing the following:

1. Review and compare the "Receipts Report" with the certified invoices or delivery tickets;
2. If required, have REMIS PR entries corrected and reprint the Receipts Report;
3. Sign and date receipts/payment certification statement and print name under signature on the Receipts Report;
4. Make a copy of the Receipts Report;
5. Prepare Form DOT-104, "Transmittal Letter;"
6. Attach originals and one copy of the certified invoices or delivery tickets for each listing on the Transmittal Letter;
 - The original "Receipts Report," TSO - Accounts Payable - Report #403, is sent with the delivery ticket to the Accounts Payable Section of Transportation Finance Division for SPBs but not for 105, SPO, or BSA purchase types;
7. Submit these documents to Transportation Finance Division, Accounts Payable Section;
8. And file copies of the documents at the organization headquarters.