

LOCAL PURCHASES

Policy #ES-96-6

Implemented: September 1995

Updated: April 2006

I. PURPOSE STATEMENT

Pursuant to SDCL 5-23-8, the Local Purchase policy is developed to simplify and clarify the process by which agencies can make local purchases. This policy outlines the procedure that the various officers, boards, commissions, departments, state institutions, constitutional offices and state agencies must follow in order to facilitate the procurement of commodities and construction projects.

II. POLICY REQUIREMENTS

- A) **State Contract Purchases:** An agency may make purchases of commodities on **state contracts** by ordering on a local purchase order and paying with a direct voucher or Purchasing Card, if applicable. Orders from contracts requiring requisitions, or for which an agency wishes to submit a requisition, will be processed through the Office of Procurement Management (OPM) as follows:
- 1) The agency must submit an appropriate paper requisition or use an electronic format approved by the Office of Procurement Management;
 - 2) The agency must put the requisition on-line with the State of South Dakota's accounting system; and
 - 3) The Office of Procurement Management will then develop and process the purchase order.
- B) **Small Purchases:** An agency may make purchases, not to exceed one thousand dollars (\$1,000) per purchase, for commodities that are not on a state contract:
- 1) If the item(s) does not appear on the Central Supply list or a state contract, and the total purchase **does not exceed** one thousand dollars (\$1,000), the agency may make the purchase and pay with a direct voucher or Purchasing Card, if applicable; and
 - 2) Agencies and institutions making purchases according to this section of the policy must utilize sound business practices in making such purchases to ensure they are obtaining the best value for the taxpayers of the State of South Dakota.
- C) **Construction Projects:** When an agency determines a need for a construction project, the projects are authorized as indicated below except for projects that involve materials containing asbestos. All projects that involve materials that contain asbestos must be submitted to the Office of the State Engineer (OSE).
- 1) All projects with materials and labor estimated to cost less than five thousand dollars (\$5,000.00) may be accomplished under local approval. Projects in Pierre must be presented to and approved by the Facilities Planning Team (FPT).
 - 2) Projects with materials and labor estimated to cost between five thousand dollars (\$5,000.00) and twenty-five thousand dollars (\$25,000.00) must be referred to the OSE. The OSE will either handle the projects or submit them to the Office of Procurement Management for processing.
 - 3) Projects with materials and labor estimated to cost twenty-five thousand dollars (\$25,000.00) or greater must be referred to OSE.

D) **General Conditions:**

- 1) **Purchase of Computer software and hardware are exempt from this policy.** Computer hardware and software includes any computer, monitor, computer component, wiring, lan/wan equipment, any programming software, fax machine, digital copier, and any other equipment which utilizes computer technology to perform its function. **All computer software and hardware purchases, will be made according to the following guidelines:**
 - a) **Executive Branch Agencies:** All computer hardware and software purchased by Executive Branch agencies and institutions must meet standards as established by the Bureau of Information & Telecommunications (BIT) regardless of the cost or use. Any nonstandard computer hardware and software request must have moratorium exemption approval before it is purchased. All computer hardware and software purchases must be processed through the Office of Procurement Management.
 - b) **Board of Regents Institutions:** Institutions under the control of the Board of Regents must process any computer hardware and software purchases requiring moratorium exemption approval, through the Office of Procurement Management. Purchases of computer hardware and software that do not require moratorium exemption approval may be made by ordering on a local purchase order and paying with a direct voucher. Board of Regents institutions shall provide detailed itemized reports to the Office of Procurement Management of all computer hardware and software purchases, in a format approved by OPM.
- 2) **All agency purchases of the following state contract items must be processed through the Office of Procurement Management:**
 - a) Motor vehicles;
 - b) Digital Mobile Radios
 - c) Key telephone systems
- 3) Agencies may not "split purchase" or divide the expense of a more costly item on multiple vouchers and/or multiple invoices.
- 4) When demand for products becomes continually high, the Bureau of Administration (BOA) may conduct local bids to provide for a "local contract" on those commodities. In those cases where local contracts exist, agencies will be required to purchase from the local contract.
- 5) Agencies that violate or continually abuse the provisions of this policy shall have their local purchase privilege revoked or restricted for a time period specified by the State Auditor and the BOA.
- 6) For emergency purchases, see Policy #ES-96-12.