



State Procurement Manual

Department of Administration, State Bureau of Procurement

Number
PRO-406

Section	Effective	Replaces
CONTRACT ADMINISTRATION AND TRANSACTIONS	9/16/19	PRO-E-11; E-17 Various Dates
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SCOPE: The purpose of this policy is to establish the ability to let contracts beyond funds available and options for capital acquisition financing.

POLICY: Contracts may be let in excess of funds currently available. Except in the cases to which s. 18.10 (1), Wis. Stats. applies, such contracts shall state that continuance beyond the limits of existing funds is contingent upon the appropriation of additional funding.

For capital acquisitions, there are three basic options for financing contracts. Agencies will work with the Department of Administration, State Budget Office.

- PROCEDURE:**
- I. Contractual Provisions
 - A. State agencies will include terms related to available funds and non-appropriation as provided by PRO-404, Standard Terms and Conditions.
 - B. Contract funding will be managed in accordance with applicable policies and rules as set forth by the State Controller’s Office.
 - II. Capital Acquisition Financing
 - A. The state has three basic options for financing capital acquisitions:
 - 1. Leasing or lease purchase whereby a capital item is leased by the state for a specified term with the lessor holding the title. In some instances, the contract may provide an opportunity for the state to make an additional payment at the end of the leasing period and receive title to the property.



Legal Authority

Wis. Stats. 16.52(6); 16.75(3), (4); 16.77
Agencies Affected: All, unless otherwise noted

Authorized:
Sara Redford, Director
State Bureau of Procurement



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2. Conditional Sales Contract whereby periodic payments of principal and interest are made. The state builds up equity in the property, but does not obtain clear title until the final contract payment.
 3. Collateral Secured Transaction whereby the state takes full title to the property and pledges the property as collateral for a loan used in turn to pay the supplier of the property.
- B. Leasing or lease-purchase, Conditional Sales Contracts, and variations on these two types of proposals must be examined on a transaction-by-transaction basis.
 - C. In agreements requiring periodic payments in excess of funds available, there must be a provision stating that the contract's continuance beyond the limits of funds currently available is contingent upon appropriation of the necessary additional funds.
 - D. Proposals for Collateral Secured Transactions may raise legal, constitutional and/or public policy questions, and should not be used unless such questions are resolved.



Legal Authority

Wis. Stats. 16.52(6); 16.75(3), (4); 16.77
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