



State Procurement Manual

Department of Administration, State Bureau of Procurement

Number
PRO-408

Section	Effective	Replaces
CONTRACT ADMINISTRATION AND TRANSACTIONS	9/16/19	PRO-E-1, E-2, E-4, E-9, E-16, E-20, D-2, D-15, D-24, J-2 Various Dates
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REQUISITIONS, PURCHASE ORDERS AND METHODS OF PAYMENT		1 of 10

SCOPE: The purpose of this policy is to establish authority and official procedure for proper use of various methods for purchasing and payment, including use of purchase orders (hard copy or electronic dispatch), direct charges and purchasing cards (P-Cards).

POLICY: The State Bureau of Procurement and agencies have a responsibility to ensure orders and payment methods are used appropriately.

Requisitions

Unless otherwise stated herein, all goods and contractual services purchased for and furnished to an agency will be done through a requisition process as prescribed by the Bureau. The agency purchasing office is authorized to administer the requisition process within the agency it serves.

Purchase Orders

A purchase order is required for all purchases unless the amount is under the purchase order threshold or made through authorized Direct Charge or P-Card. Purchase orders are issued by agencies with delegated authority to place, change or cancel orders. See PRO-101, Procurement Definitions and Thresholds.

Regardless of the dollar amount, all purchase orders must be supported by proper procurement authority using approved methods. See PRO-301, Competitive Procurement Policy.

The purchase order is a contract. A separate contract may also be attached to or be referenced in the purchase order.



Legal Authority

Wis. Stats. 16.528; 16.53; 16.71(1); 16.72(4); 16.76(1)
16.77; 16.87(2), (3)
Wis. Admin Code Chapter Adm 5

Authorized:

Cheryl Edgington, Director
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All printing, regardless of dollar amount, requires a purchase order. Only staff properly authorized by their agency will issue purchase orders.

Direct Charges/Payments

Certain categories of expenditures and certain transactions under the purchase order threshold may be direct-charged/paid per section III. However, where competition exists, the agency will follow established bidding procedures.

Purchasing Card (P-Card)

The state-issued P-Card is a tool to manage low-dollar purchases using a more efficient payment process only in certain merchant and supply or service categories.

P-Cards are authorized for individual purchases up to the P-Card threshold (or lower if required by the agency). See PRO-101, Procurement Definitions and Thresholds. P-Card purchases may exceed the defined threshold only when used exclusively on statewide contracts with proper authorization by the Bureau and the State Controller's Office. The P-Card is not a means to avoid appropriate procurement or payment procedures.

The cardholder is responsible for maintaining security of the card and any misuse as outlined in PRO-410, Purchasing Card.

PROCEDURE: I. Purchase Orders



Legal Authority

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- A. All purchase orders will be limited by the term of the state fiscal year unless otherwise approved by policies set forth by the State Controller’s Office.
- B. Agencies will account for the procurement and contracting authority on the purchase order through reference to established statewide or agency contracts, approved grants, approved waivers or statutory authority for an agency to transact outside of Ch. 16 rules and regulations.
- C. The coding, numbering sequence and other designations will be determined by the applicable procurement systems used by, and the administrative needs of, the agency issuing the order. However, purchase order numbers that have been cancelled cannot be reused and change orders must refer to the original purchase order number.
- D. Additional required elements of a printed or electronically dispatched purchase order and its attachments (where applicable) include:
 - 1. Issuance date
 - 2. Vendor or Supplier Identification Number
 - 3. Vendor name and address including city, state and zip code and the vendor country if not the U.S.A.
 - 4. Ship-to information including the name of the person responsible for receiving the material, room number,



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name of building, street address, city, and zip code

5. Standard terms and conditions as provided for by the Department of Administration in accordance with PRO-404, Standard Terms and Conditions.
6. Agreed-upon payment terms in accordance with PRO-409, Prompt Payment Policy.
7. Quantity will be shown for the appropriate lines on the purchase order, in alignment with the itemized detail of invoices, statements of work or other contract documents.
8. Item description including the manufacturer, model number, physical description, size, color, and other data needed to accurately define the item or service.
9. All purchase orders will include the appropriate commodity code(s). The current state standard is NIGP, identified at the five (5) digit level. See PRO-104: NIGP Codes and Standard Coding Structures.
10. Where the cost of shipping, freight or delivery services are not included in the cost of the goods/service, the agency will also use applicable codes related to those expenses.
11. Unit price(s) and total(s)



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E. Only under exceptional and agency-approved circumstances may a purchase order omit vendor information and/or item description details. Agencies omitting such information will retain documentation of the exception approved by the agency special designated agent.

II. Printing Purchase Orders

- A. All printing orders will be accompanied by written specifications, regardless of the method or source, as follows:
1. The agency printing manager is responsible for determining full, detailed and accurate specifications for each order. This includes a description of the item, quantity, delivery schedule, proofing requirements, description of materials to be furnished by the agency, paper requirements, and all other information pertinent to the production of that item.
 2. A complete set of specification guidelines and instructions, available from the State Bureau of Procurement, can be used as a checklist to ensure that all specifications have been considered.
 3. Standard terms and conditions for Wisconsin printing will be included using DOA-3604, Standard Terms and Conditions for State of Wisconsin Printing.

III. Direct Charges/Payment



Legal Authority

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A. Under specific circumstances, issuance of a purchase order is optional and as an alternative, the agency may use direct charges as a mechanism to pay for certain transaction types. Agencies will consider the following factors, in the order presented, before using the direct charge/payment method:

1. Does competition exist for the good/service being purchased?

If so, the agency will follow applicable procurement rules and payment methods including the use of an official purchase order.

If the agency has established an agreement through the competitive process and the contract allows for a direct charge/payment, see 2 below.

2. What is the estimated dollar amount for the purchase?

If competition exists, yet the anticipated total spend will be less than the purchase order threshold, a direct charge or payment is acceptable in accordance with agency-specific policies and procedures that ensure procurement or purchasing functional review.

3. What is the nature of the good or service being purchased?



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Regardless of dollar amount, certain goods or services do not require the use of procurement methods or the issuance of purchase orders. These transaction types include the list below. However, if a statewide or agency contract has been issued which requires purchase orders for any item shown on this list, the agency will adhere to the instructions in the contract.

- A. Fees (individual subscription for periodicals or magazines, witness, court filing, membership, registration, tuition, royalties, accreditation).

Subscription fees related to the purchase of software or other IT solutions as a “subscription” are not included here; competitive procurement rules apply. See PRO-301, Competitive Procurement Policy and PRO-508, Information Technology (IT) and Telecommunications Procurements.

- B. Indemnity and bounty payments
- C. Refunds of receipts collected
- D. Purchases of land and right-of-ways
- E. Individual airline, rail, and bus tickets, and other travel expenses, including hotel expenses
- F. Stamps, postage, and U.S. postal services



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- G. Construction contracts (See PRO-513, Procurement Considerations in Facilities-Related Projects and Leasing of Space)
- H. Fire call claims
- I. Individual eye and physical examinations (reimbursements) and medical payments not covered by insurance (athletics)
- J. Workers' and unemployment compensation claims
- K. County payments for maintenance of highways
- L. Real estate taxes
- M. Claims board awards
- N. Aids payments for all types
- O. Payroll and fringe benefits of state employees
- P. General services billings and service center transfers within state government
- Q. Inter-fund transfers
- R. Building rentals



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- S. Payments from insurance funds
- T. Prepayments of U.S. and other government payments
- U. Utilities bills (electric, gas, and some telephone)
This does not include entering into independent agreements with utilities. Agencies are advised that most telecommunications, network or internet services can be competitively bid or are covered by existing mandatory statewide contracts and cannot be direct-paid.
- V. Household moves
- W. Merchandise to be bought and resold by brand name and/or customer preference in a public or institution store or canteen.
- X. Honoraria
- Y. Purchase of preprinted or recorded materials for educational purchases including books, microfilm/fiche, audio/video recordings, films, etc. (This does not include computer programs.)



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Z. Contracts established for the benefit of agency clientele in which no costs are paid by the state. See PRO-504, Grants or Other Non-Procurement Transactions.

IV. Invoices

- A. All invoices for goods or services purchased by agencies will be reviewed before payment for math/coding accuracy, compliance with purchasing regulations and terms of the purchase order, evidence of acceptance, potential duplicate payments and conformance with legislative and program intent.
- B. The review of invoices and vouchers will be done by the agencies with delegated preaudit authority prior to approving payment. Discrepancies to any purchase order requiring contact with a vendor or contractor will be referred to the purchasing office for resolution.



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