

**STATE OF VERMONT
AGENCY OF ADMINISTRATION
DEPARTMENT OF FINANCE AND MANAGEMENT**

Subject: **Purchase Orders, Contracts and BDAs**

Effective Date: **July 1, 2008**

Applicable To: **All State Agencies and Departments**

Issued By: **Department of Finance & Management**

Approved By: **James Reardon, Commissioner**

PURPOSE

This procedure outlines the mandatory use of Purchase Orders, Contracts and BDAs (Blanket Delegation of Authority) in the State of Vermont's VISION financial system.

BACKGROUND

The Purchasing Module is the entry point for all purchase orders. There are four functions of a purchase order: to initiate a purchase with a vendor, to track payments and usage against a statewide contract, to track payments against a department specific personal services contract and to serve as the control for encumbering funds as purchases and payments are executed.

The Contract functionality within the Purchasing Module performs two major functions. It enables Purchasing and Contract Administration (PCA) to establish statewide vendor contracts to be utilized by all departments. Tracking purchases against these contracts is critical to the State's ability to maximize its' purchasing power. The Contract functionality also allows departments to track payments against a department specific maximum dollar or quantity contract. This is a critical internal control function of VISION to assure contract limits are not exceeded.

BDAs are issued by Purchasing and Contract Administration (PCA) to delegate authority to agencies and departments to directly purchase specific types and classes of items with limited or variable availability considerations. BDAs are specific to a department(s) except those identified as "all agencies".

PROCEDURE

The following will govern the use of Contracts, Purchase Orders and BDAs in the VISION financial system.

1. All contracts for services, products and construction shall be numbered using a VISION generated contract number regardless of dollar amount in accordance with Agency of Administration Bulletin 3.5.
2. A VISION purchase order must be prepared and charged to the appropriate VISION contract when making payments on all contracts for services, products and construction, regardless of dollar amount in accordance with Agency of Administration Bulletin 3.5.
3. All payments processed against a Personal Services Contract shall be paid using the appropriate account code within the 507xxx range of accounts.
4. The description field for the services provided on all Personal Services Contracts must be descriptive enough to ascertain the type of service being provided. Entering descriptions such as "Contractual Services", "Third Party Services", department name or acronym is not sufficient.

5. Purchases made on contract by utilizing the State of Vermont Purchasing Card are exempt from requiring a Purchase Order. Authorized contracts for Purchasing Card utilization are defined in the State of Vermont Purchasing Card Policy issued by Buildings and General Services.
6. All PO vouchers and standard vouchers processed under the authority of a BDA must include the BDA number in the item field of the voucher.

PROCEDURE WAIVERS

Departments that are unable to meet the requirements of this Procedure must submit a written waiver request to the Commissioner of Finance and Management. The request must be submitted by your appointing authority. The waiver request must explain the circumstances that prevent compliance with this Procedure and must include an acceptable alternative. An approved waiver does not eliminate a department's requirement to track contract payments and facilitate compliance with 3 VSA § 344 (a) (b). Departments granted waivers will need to demonstrate the ability to track contracts outside of VISION by contract number, vendor, description, maximum amount, dates (inception and expiration), cumulative payments made and future obligations. Departments will have to demonstrate the existence of controls in place to assure contracts cannot be over expended.

Copies of the approved waivers will be retained by the department and Financial Operations.

If you have any questions or need clarification on any aspects of this procedure, please contact the VISION Help Desk at 828-0407, option 2 or at VISION-helpdesk-FIN@state.vt.us