

CU "Opts Out" of State Procurement Rules

Have you heard of HB 04-1009? House Bill 04-1009 – effective July 1, 2004 – gives governing boards of institutions of higher education the option of exempting their institutions from State of Colorado Procurement Code and Rules. A few weeks ago, the Board of Regents of the University of Colorado voted to opt out of the State Procurement Code. This change takes effect July 1, 2005.

What does this really mean for CU department staff involved in purchasing activities? The future will be more like the present than it will be different from the present. To understand why this is so, consider the following critical components of Opting Out:

- First, please note that **opting out does not exempt us from State Fiscal Rules**. It only authorizes us to opt out of the State Procurement Code and related rules.
- Second, keep in mind that **there will still be rules**. Opting out of the State Procurement Code does not mean an absence of rules. It simply means that the University is developing our own set of procurement rules. We expect to have a draft revision of CU Procurement Rules later this spring.

A number of departments have contacted the Procurement Service Center recently to ask (among other questions):

- *Will we still have to get our office furniture from Colorado Correctional Industries?*
- *Will there still be a mandatory office supply contract?*

In response to these and related questions, remember that the Opt Out action does not take effect until the beginning of the new fiscal year. Until then, the University of Colorado will continue to operate under the State Procurement Code and Rules. In addition, we do not anticipate major changes in our purchasing process as a result of Opting Out.

We will provide updates on the progress of CU's Opt Out activities in future PSC newsletters. However, should you have questions in the meantime, please contact Director of Purchasing, Sandy Hicks, at 303.724.0673, or Sandra.Hicks@uchsc.edu.

ACARD Stays Up When Finance Goes Down

Do you receive email notifications from the ACARD System? Do you use the system to reallocate Procurement Card charges, print cardholder statements, or run reports? If you answered *Yes*, note that ACARD will remain available during finance system upgrade in early March 2005. (Downloads of ACARD data into PeopleSoft, however, will *not* take place during this time period.)

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ACARD System to Accept 8-digit Speedtypes

Many departments have asked us when they should start using 8-digit Speedtype values in the ACARD System software. (See article in previous column, ACARD Stays Up When Finance Goes Down.)

Although you can continue to use the ACARD System during the time that the finance system is down (first part of March), you should continue to use 5-digit Speedtypes during this period. The ACARD System will be converted to accept 8-digit Speedtype values. The target date for this conversion will coincide with the target date for implementation of the upgraded Finance 8.4 system. When the new systems become available, you will use the 8-digit Speedtype values exclusively.

Understanding Split Purchases

As part of their training, Procurement Card holders learn that the maximum possible transaction limit is \$4,500. A **split purchase** occurs when a University MasterCard holder intentionally splits a purchase into two or more transactions in order to circumvent this \$4,500 single transaction limit. Doing so can incur violation points on your Procurement Card and may result in card suspension and additional training.

Identifying a split purchase violation is often contingent upon the answer to the following question: ***How much did you know you needed at the time that you knew it was needed?***

Scenario A: At the time that the original order is placed, the total of the known purchase need is over \$4,500. The cardholder bypasses this limit by dividing the total large-dollar cost across multiple smaller-dollar transactions. *This is a violation.* It is not acceptable to divide a total known order, even if that order includes items for different labs or different requestors, or if the order uses different accounting information.

Scenario B: At the time of the original order, the total of the known purchase need is \$4,500 or less. Later, the same cardholder needs to conduct a second transaction with the same vendor. *This is not a violation.* It is OK to place successive orders with a vendor as long as each order represents the total known need at the time of ordering. (Example: A cardholder is the department's central point of contact for people needing lab supplies. In the morning, one lab technician asks the cardholder to buy \$2,500 in supplies from Fisher Scientific; the cardholder immediately does so. Later in the day, a second worker asks the cardholder to buy an additional \$2,500 from the same vendor. Again, the cardholder promptly places the order.)

We now have two fulltime Procurement Card *Compliance Specialists* charged with monitoring/enforcing compliance and assessing violation points. Your questions on split purchases and other compliance issues should be directed to **Jennifer Bergman**, 303.724.0670, or **Jeff Lehmann**, 303.724.0735.