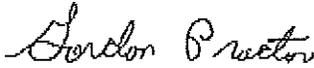


Approved:



Gordon Proctor,
Director

Policy No: 18-007(P)

Effective: August 2, 2006

Responsible Division: Finance and Forecasting

Supersedes policy 18-007(P) dated 8/4/03

PURCHASING POLICY

POLICY STATEMENT:

This policy provides guidance to assure that State and Federal Laws and Regulations are followed when purchasing supplies, equipment, materials, and services.

AUTHORITY:

Sections 102.03, 123.152, 125.01- 125.11, 125.31-125.76, 125.081, 127.06, 127.12 - 127.16, 153.65- 153.71, 2921.42, 2921.43, 4115.31-4115.35, 5147.07, 5501.17, 5501.18, and 5513.02 of the Ohio Revised Code.

DAS Directive 06-21

Ohio Ethics Commission Advisory Opinion No. 91-010

REFERENCE:

Control Board Manual www.ecb.ohio.gov/Documents/CBManual.pdf

Consultant Contracts Administration Manual

http://www.dot.state.oh.us/contract/consult_contract_adm_manual.htm

Purchasing and Contract Administration Manual

<http://intranet.dot.state.oh.us/finance/Manuals/Accounting/Purchasingmanual.PDF>

Project Printing Order

<http://intranet.dot.state.oh.us/finance/Accounting/Fical%20Analysis/PPOinst.pdf>

SCOPE:

This policy is applicable to all supervisors and employees who make or approve purchases of services, supplies, or equipment on behalf of the Department of Transportation.

BACKGROUND AND PURPOSE:

This policy supersedes Policy 18-007(P) dated 8/4/03.

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I. REQUIRED SOURCES

ODOT will procure all goods and services provided by the sources listed below as required by the Ohio Revised Code (ORC):

**Ohio Penal Industries - (OPI) (Section 5147.07)*

**State Use Program - (SUP) (Sections 4115.31 - 4115.35)*

- OIH is the current contractor providing management services for the SUP.

**DAS State Printing – if the ODOT print shop cannot meet your needs you must use DAS State Printing (Sections 125.31 - 125.76)*

Department of Administrative Services (DAS) term contracts (Sections 125.01 - 125.11)

ODOT Term contracts (Section 5513.02)

**If goods or services are offered by any of the required sources above, a written waiver must be obtained from that source in advance to purchase the goods or services from a different vendor.*

II. DIRECT PURCHASE AUTHORITY

Purchases of materials, equipment, or services from other than the required sources listed in section I of this policy will be made with the direct purchase authority granted to the Department by DAS in section 125.05 of the ORC.

Any purchase made with the Department's direct purchase authority will be made in a manner which ensures the Department is obtaining the lowest responsible and responsive price. Price quotations will be the primary mechanism for ensuring the best value is obtained. Quotation requirements will be established and communicated each Fiscal Year by the Division of Finance and Forecasting.

No purchases shall be authorized or made without **first** encumbering the funds to pay for it, except in instances where the payment card or debit voucher is legally and administratively acceptable or where an emergency situation exists as defined by ORC Section 5513.02. All purchases shall be made using ODOT's Automated Purchasing System (APS) or other approved purchasing methods (Paycard, EDI or debit voucher).

Sole source purchasing should be avoided, if at all possible. Quotes should be obtained according to established requirements.

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Do not split a purchase of like supplies and/or services in order to circumvent any requirement set forth in this policy or as set forth in DAS Directive 06-21. It is important to plan purchases efficiently and economically.

Pricing information contained in vendor quotations and bids is confidential information and must not be released or disseminated until the contract or purchase is awarded.

All personal service contracts shall use a standard contract form approved by the Chief Legal Counsel. Personal Service contracts over \$25,000 shall be approved by the Director or Assistant Directors.

Conflicts of interest in the purchasing process shall be avoided at all times. Prior to entering into an ODOT contract, any employee who is involved in recommending, selecting or entering into an ODOT contract with a vendor with whom the employee, employee's family member or employee's business associate holds a financial interest, shall report such interest to the Chief Legal Counsel to determine whether a conflict exists.

III. RELEASE AND PERMIT

A. *ODOT must obtain release and permit authority from OIT for the purchase of computers, telecommunication equipment, and from DAS vehicles, and copiers as required by section 125.06 of the ORC.*

B.

The purchase of various commodities and subsequent request for release and permit is coordinated and overseen by certain Central Office Divisions and Offices within the Department. The list of coordinating office and commodities are as follows:

ODOT Print Shop - all printing needs.

Division of Information Technology - All IT & telecommunication commodities including hardware, software, IT related personnel services and IT related maintenance.

Office of Equipment Management - Vehicles and heavy equipment.

Office of Facilities Management - Janitorial contracts through the State Use Program.

B. *ODOT must obtain release and permit authority from DAS:*

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- *Whenever a purchase is expected to exceed the single purchase limit established by DAS,*
- *When an anticipated purchase will meet or exceed the vendor limit as established in section 127.16 of the ORC,*
- *For ODOT to have the ability to establish competitively bid ODOT Term contracts for highway related commodities. This is achieved through a joint effort by the Divisions of Contract Administration and Finance & Forecasting and is completed at the beginning of each biennium.*

C. *Any purchase which would cause a vendor to exceed the vendor limit as established in 127.16 of the ORC must have approval from the Controlling Board prior to the purchase.*

IV. CONTROLLING BOARD

For purchases of supplies, equipment and services, ODOT shall consider whether or not it is necessary to seek Controlling Board approval for those purchases. ODOT shall consider whether the type or source of purchase is exempt from Controlling Board Review, and if the purchase exceeds the Controlling Board threshold amount. The threshold amount is the limit at which a purchase from a particular supplier would amount to \$50,000 or more. The amount is determined by combining the amount of all disbursements to the supplier during the fiscal year with the amount of all outstanding encumbrances. This does not include any purchases made by competitive selection or any purchases with the prior approval of the Controlling Board. If the purchase of the supply or service exceeds the threshold amount, and it is necessary to gain Controlling Board approval, each office or division shall coordinate their Controlling Board request with the Office of Legislative Services.

The specific types of purchases exempt from Controlling Board review, the sources exempt from Controlling Board review, and more information regarding the vendor limit can be found in the Controlling Board manual at:
www.ecb.ohio.gov/Documents/CBManual.pdf

V. CONSULTANT SERVICES

It is intended that ODOT personnel refer to the Consultant Contracts Administration Manual for ODOT's internal procedures regarding consultant administration and the consultant selection process. These services include but are not limited to, environmental studies, design and plan preparation, construction inspection, bridge inspection and right of way acquisition. Any and all ODOT employees having any role in

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the administration of a consultant contract must either possess or have ready access to a copy of this manual.

VI. LANDS, BUILDINGS AND FLEET EQUIPMENT

No purchase for, or sale of, ODOT operational lands and/or buildings, which typically includes but is not limited to headquarters, garages, outposts and safety rest areas, will be made without first complying with the OFM Land Acquisition & Disposition form. For further information, contact the Office of Facility Management in central office.

All fleet and rolling stock equipment including all replacement and new addition purchases, must meet specific established criteria that will optimize ODOT's equipment fleet from a life cycle perspective. Examples of criteria are average age targets for each equipment class, target disposal ages, usage objectives, turn-in frequencies, DAS mandates, etc. All equipment purchases must be approved by the Office of Equipment Management.

VII. MINORITY BUSINESS ENTERPRISES (MBE)

ODOT will procure 15% of all eligible goods and services from minority business enterprises which have been certified by the Department of Administrative Services as required by section 125.081 of the ORC.

The MBE 15% percentage credit will be a combination of these two components: Set-Aside and Participation.

Set Aside Component: In order for a competitive bid or non bid purchase to count towards the set-aside MBE requirement, the bids or quotes must be solicited solely from minority vendors certified by DAS. Purchases where competitive bids or quotes are solicited from certified MBE vendors and non MBE vendors will not count towards the MBE set-aside component.

Participation Component: Represents purchases that are competitively bid or quoted open market, to both DAS certified minority vendors and non-minority vendors, and a certified minority vendor was awarded the contract. In situations where a competitive bid or quote is bid on the open market, ODOT guidance is to pay no more than 10% over the amount the commodity could be obtained from the non-MBE vendor.

VIII. ENCOURAGING DIVERSITY, GROWTH, and EQUITY (EDGE)

ODOT will procure 5% of all eligible construction projects, supplies and services, professional services, information technology services, and architectural and engineering

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services, from socially and economically disadvantaged enterprises which have been certified as EDGE vendors by the Department of Administrative Services as required by section 125.081 of the ORC. ODOT will be focusing on our Capital Construction Contract and Consultant agreements to meet this goal.

IX. ELECTRONIC COMMERCE

It is ODOT policy to make maximum use of payment cards in procuring goods and services where their use is legally and administratively acceptable. All employee classifications within ODOT are eligible to utilize the payment card. This decision is at the discretion of the employee's immediate supervisor, Administrator, Central Office Accounting or Deputy Director.

X. BUY OHIO

ODOT will apply preferences to Ohio products in accordance with section 125.09 and 125.11 of the Ohio Revised Code.

XI. FREQUENT FLYER MILES AND HOTEL DISCOUNTS PERSONAL RESPONSIBILITY

All ODOT employees are prohibited from accepting, soliciting, or using the authority or influence of their position to secure, for personal travel, a discounted or free "frequent flyer" airline ticket, hotel stay, or other benefit from an airline, hotel, or other business if they have obtained the ticket or other benefit from the purchase of airline tickets or hotel stay for use in official travel, by the Department. This is in accordance with The Ohio Ethics Commissions Advisory Opinion No. 91-010 and ORC sections 102.03 (D-E), 2921.42(A)(4), and 2921.43(A).

All ODOT employees are prohibited from accepting gifts, gratuities, vendor credits, or any other thing of value which would result in personal gain.
No employee is permitted to use state funds to purchase retirement awards such as plaques, clocks, watches, etc. Purchasing awards to recognize an employee for their length of service with the agency, or safety related awards are permissible as long as the costs are reasonable.

DEFINITIONS:

Controlling Board – a seven member board of the House and Senate which provides oversight and approval for certain capital and operating expenditures by state agencies. In addition, the

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board has approval authority over various state fiscal activities such as waivers of competitive selection and increases in appropriation authority.

Department of Administrative Services (DAS): the administrative organization that provides oversight and leadership for most state purchasing activities.

Encouraging Diversity, Growth, and Equity (EDGE) vendor: a small socially and economically disadvantaged business enterprise owned and controlled by U.S. Citizens who are Ohio residents. EDGE vendors are certified by DAS based on established criteria to determine if they are socially and economically disadvantaged.

Minority Business Enterprise (MBE): an individual, partnership, corporation, or joint venture of any kind that is owned and controlled by United States citizens, residents of Ohio, who are and have held themselves out as members of the following economically disadvantaged groups: Blacks, American Indians, Hispanics, and Orientals.

Ohio Correctional Industries (OPI): a division of the Department of Rehabilitation and Corrections created to provide work training programs for inmates housed at the various prison facilities.

OIH, Inc. (OIH): the current contract vendor for Ohio's State Use Program, which markets the services and products of sheltered workshops employing people with severe disabilities. OIH assists the workshops in product development and marketing of the product to the state and other customers.

Quotation: a verbal or written statement from a vendor indicating the price or fee they will charge for providing a specified quantity of goods or services for a specific period of time. A quote in excess of \$500 should be in writing on company letterhead.

Sole Source: The only vendor capable of providing a service or commodity. A sole source should be clearly documented and justified.

Split Purchase: Any purchase made, intentionally or unintentionally, which results in the circumvention of any limit set forth in this policy such as the DAS single purchase threshold, controlling board threshold, or quotation limits.

State Use Program (SUP): A mandatory statewide program whereby state agencies must procure certain products and services from qualified non-profit work centers that provide employment to people with severe disabilities.

Vendor limit: a dollar limit established by ORC 127.16 consisting of the total dollar amount of all disbursements and the amount of all outstanding encumbrances for purchases made by the

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agency from the vendor in a fiscal year. This excludes purchases made by competitive selection or with the approval of the controlling board.

TRAINING:

All employees that participate in purchasing activities should be trained on the appropriate policy, statutory requirements, and procedures for the various types of purchasing mechanisms.

FISCAL ANALYSIS:

There is no negative fiscal impact of implementing this policy. This policy contains DAS purchasing requirements which have been established and are in effect at present.