

Business Procedures Manual (BPM) - 10/27/23 Revisions in Progress

CHAPTER 4: CENTRAL PURCHASING OFFICE (CPO)

4.00 INTRODUCTION

The Central Purchasing Office (CPO) is organized to serve the procurement objectives of New Mexico State University (NMSU) and is responsible for updating departments on policy revisions.

In order to ensure compliance with State of New Mexico purchasing statutes, the NMSU Board of Regent's (BOR) policies, and all federal and State of New Mexico (State) laws, all purchases of supplies, materials, equipment, and services for NMSU will be made through the CPO, unless otherwise stated in these procedures. All money received by a department of NMSU, regardless of its source, is considered to be NMSU funds and is to be expended under the procedures set forth herein.

The university chief procurement officer (CPO) has delegated authority to colleges and divisions for PCard purchases less than \$5,000 in accordance with PCard policies and procedures. However, University CPO reserves the right to review purchases for final approval and revoke privileges at any time for non-compliance of PCard policies and procedures.

Detailed procedural training guides for the Purchasing (Banner) System are available from the [Center for Learning and Professional Development](#) for all employees involved in the purchasing, receiving, and payment authorization process.

The CPO has the sole authority for ordering supplies, materials, equipment, services, and construction. No individual may make a purchase directly without approval of the CPO except as outlined below in specific sections. According to State and NMSU policy, purchases made without proper approval may become the personal obligation of the person originating such a purchase.

In addition to the requirements of State and federal laws, the BOR has adopted regulations and policies to be followed for institutional purchases. NMSU funds may not be used for personal gain or use or for items as designated in section 4.00.45.

Every attempt will be made to act fairly in obtaining bids, proposals, and information for preparation of bid and proposal requirements and specifications. NMSU will attempt not to favor one firm, individual, or company over another in obtaining information for preparation of specifications. Bids will be awarded to the lowest responsible bidder, giving due consideration to price, quality of product, and time of delivery. (section 4.05).

All purchases, except as stated in section 4.00.40, require previous entry and approval in the Purchasing (Banner) System.

Purchases may not be split to avoid competitive requirements. Orders placed in such a manner may be determined to be the obligation of the person originating such a purchase.

The CPO has certain assigned responsibilities for the management and control of inventoried property. NMSU property belongs to the University as a whole and not to any one department or program. To help NMSU

economize and make maximum use of its resources, departments are asked to support the property recycling program by being aware of and using available surplus property.

NMSU Surplus Property is responsible for disposing of all NMSU property, except property to be used by the CPO as a trade-in or exchange. No other person or department is authorized to sell or exchange any item at any time.

4.00.45 Unallowable and Restricted Purchases

The following are examples of unallowable and restricted purchases on any University account. The list should not be considered all-inclusive but merely a guide for purchases that are not allowed.

- Purchases of any product or service from a vendor that would violate an exclusive or semi-exclusive supply and price relationship established by Central Purchasing Office (https://inside.nmsu.edu/purchasing/pricing_agreements/)
- Retirement gifts – restricted to commemorative items with a maximum value of \$100.00
- Annual fees on credit cards
- Donations
- Holiday decorations
- Alcoholic beverages (except for resale)
- Tickets for athletic or entertainment events
- Personal care products
- Occasion cards, flowers, and gifts (condolence, birthdays, going away parties) for personal or business occasion/events
- Compensation for personal service
- Fines, Penalties
- Items for personal gain or use

Some purchases may be allowed against a University fund but are not allowed to be purchased using a University Procurement Card (PCard), see [PCard Usage Guidelines](#). PCards allow expenditure of University funds prior to review and, are therefore, not appropriately used for all transactions. These purchases, if made with a PCard, may require refund from the vendor or reimbursement by the card holder and tracked as a misuse or decline violation.

4.40.60 Procurement Card

The University provides a Procurement Card (PCard) program to provide a convenient way to make small dollar business-related purchases. The PCard is the preferred method for non-travel (other than airline charges), small dollar (under \$5,000) purchases where the nature of the purchase does not require use of an official university purchase order. Using the P-Card to make purchases and provide payment is cost-effective for the University as it allows departments to:

1. Make purchases in a timely manner
2. Track expenses

3. Reduce the transaction cost of processing the purchase and the payment

The university chief procurement officer (CPO) has delegated authority to colleges and divisions for PCard purchases less than \$5,000 in accordance with PCard policies and procedures. However, University CPO reserves the right to review purchases and revoke privileges at any time for non-compliance of PCard policies and procedures.

4.40.61 Procurement Card Eligibility

An NMSU employee, who meets the Procurement Card (PCard) eligibility requirements, with the approval of the college/unit may obtain a Procurement Card (PCard) to purchase limited goods and services. Purchases utilizing the PCard will follow procedures as established and maintained by Procurement Services. PCard purchases are subject to applicable NMSU procedures and [PCard Usage Guidelines](#).

- For PCard eligibility requirements, refer to <https://inside.nmsu.edu/asc/pcard/> - **Becoming a Cardholder**.
- To request a PCard, refer to <https://inside.nmsu.edu/asc/pcard/> - **Obtaining a PCard**

4.40.62 Cardholder Responsibilities

Refer to <https://inside.nmsu.edu/asc/pcard/> - **Cardholder Responsibilities** for more detailed information.

Retention of Procurement Card Records

- Cardholders shall follow [RMR retention guidelines](#) for Procurement Card receipt imaging.

PCard Transaction Processing

Refer to <https://inside.nmsu.edu/asc/pcard/> - **PCard Delegate** for more detailed information.

4.40.63 Approvers' and Backup Approvers' Responsibilities

A Procurement Card (PCard) approver/backup approver has responsibilities for reviewing and approving cardholder transactions in the PCard system. Approvers are responsible for PCard Compliance (BPM 4.40.64) and ensuring PCard processes are followed.

Refer to <https://inside.nmsu.edu/asc/pcard/> - **PCard Approver** for more detailed information.

Restricted Awards refer to <https://inside.nmsu.edu/spa/award-compliance-and-financial-management/interpretation-of-agency-guidelines-and-regulations/> - **Interpretation of Agency Guidelines and Regulations** for more detailed information on Restricted Awards review criteria (Allowable, Allocable, Reasonable and Consistent).

4.40.64 Compliance

Having an NMSU Procurement Card (PCard) is a privilege that requires adherence to business procedures. PCard Approvers are fully responsible for ensuring purchases are appropriate and process requirements are fulfilled. Dean/VP have authority to revoke PCard privileges and/or roles.

Compliance reviews will be performed by Administration & Finance.

Failure to utilize the PCard correctly may result in loss of PCard privileges as deemed necessary by the Director of Procurement Services in consultation with Dean/VP

4.40.64.1 Non-Compliance Infraction Dismissal – REMOVED

4.40.64.2 Compliance Reviews - REMOVED

4.40.645 PCard Usage Guidelines

Refer to [PCard Usage Guidelines](#); the list should not be considered all-inclusive but merely a guide for common PCard purchases.

For university unallowable purchases refer to the [BPM Section 4.00.45 Unallowable and Restricted Purchases](#).

CHAPTER 5A: ACCOUNTS PAYABLE

5A.30 GIFT CARDS AND GIFT CERTIFICATES

The purchase and use of negotiable items, such as gift cards or gift certificates, require strict accountability. They cannot be acquired without prior approval through submission of [Aggie Service Desk](#) PCard Limit or Use Request. Gift card or gift certificate items are not to be awarded to employees or Nonresident Aliens and cannot be used for the payment of services or other tax reportable transactions. Examples of appropriate gift purchases include an incentive for students to complete a survey or sell the largest number of tickets to an event.

The IRS considers gift cards and gift certificates to be cash equivalents, therefore control measures must be in place by the issuance area to ensure proper use and departmental accountability. Issuing areas should review and ensure the following:

1. Participants are not frequent gift card recipients, minimizing the risk of non-compliance with IRS tax reporting regulations. Multiple gift cards should not be given to the same individual during a calendar year.
2. The individual making the gift card purchase is accountable for the safekeeping and appropriate documentation of the cards, including the distribution to the recipients.
3. Gift card purchases are restricted to the purchasing card single transaction limit in amounts of \$25.00 or less per individual gift card.
4. Unused gift cards will be accounted for.
5. Academic-based gift cards impact a student's financial aid, therefore cards purchased are not to be distributed for academic gifts or awards.

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Purchases on restricted funds must be an approved purchase in the grant. A recipient log must be used to document the card issued, dollar amount, name and contact information of each recipient. The recipient log is to be maintained at the department and submitted to Accounts Payable, invoices@nmsu.edu, once all cards are distributed.