NEVADA DEPARTMENT OF AGRICULTURE
PURCHASING POLICY
POLICY #AG-2-ADM-4

PURPOSE:

To establish uniform policies and procedures for the procurement, receipt, invoice processing, and payment for goods and services that ensure that following objectives are met:

- The Purchase of Goods and Services are made in the best interest of the Department;
- The Purchase of Goods and Services are made in accordance with applicable State and Federal laws, regulations and procedures;
- The Purchase of Good and Services are made in the most efficient and cost effective manner in order to obtain the best value possible;
- The Purchase of Goods and Services are done in a manner that encourages transparency, fairness, equitability, and competition among suppliers wishing to do business with the Department;
- The Purchase of Goods and Services are allowable, necessary, reasonable, allocable, authorized, current, and directly beneficial to the Department programs, events, and activities associated with a purchase.

These objectives are not mutually exclusive but are to be considered as a whole throughout each phase of the procurement process.

POLICY:

Applicable Purchases

This policy applies to all procurements of goods and the procurement of services equal to or less than $1999.99. This policy does not apply to payments for rent, utilities, telephones, travel, uniforms, mobile devices, or contracts for services equal to or greater than $2000.00.

Authorized Purchasing Documents

All commitments for the expenditure of funds for the procurement of goods and services by the Department shall be made utilizing the approved purchase/contract documents as identified throughout these policies and procedures. In general for the purchase of all

goods equal to or below $4,999.99 and the purchase of all services equal to or below $1999.99 must be done on the most current version of the Department's approved local purchase order. This document is located on the Department's intranet site.

The purchase of goods over $4,999.99 must be done using the Department's D-10 (RXQ) form. The purchase of services over $1,999.99 must be done using a contract. All contracts should conform to the form, terms, conditions set forth in the most current version of the Attorney General's contract for services of an independent contractor. In the event, that the Department proposes to use a contract form other than the approved contract for services of an independent contractor or enter into interlocal contract for services that are in any way unusual in nature. These documents should be prepared with the joint cooperation of the agency and their Deputy Attorney General.

Exceptions to these general rules governing authorized purchasing documents have to do with the class of expenditure and associated dollar thresholds, but do not at any time allow for an employee to not use or the use of other documents other those identified in this section. The exceptions are identified in the Cost Principles section of this policy.

The purchases of goods and services done without using an authorized purchasing document will be considered an unauthorized purchase.

Prior Approval Required on All Purchases of Goods and Services

Before any Department employee can procure a good or service, the authorized purchase document must be completed and approved by all parties. A purchase requisition is not an authorization to make a purchase until all required signatories have signed and dated the appropriate purchasing document.

Any purchase made without the requisite prior approvals is considered an unauthorized purchase and the employee will be held responsible for the purchase until the proper paperwork has been completed. Regular or even occasional purchase of goods and services without the prior approval will result in the temporary or permanent suspension of an employee's purchasing privileges as determined by the assigned Budget Analyst and the Fiscal Administrator and the employee may be requested to pay back the Department for any unauthorized purchase.

The purchase of goods or services using one's own funds without prior approval is considered an unauthorized purchase and there is no guarantee that they will be full reimbursed. The Department will not reimburse any employee for any purchase made with their own funds over $50 and will not reimburse any employee for purchases made with their own funds that amounts to more than $100 or more than 3 instances in a given fiscal year.

Prohibition from Encumbering Expenses without Sufficient Budget Authority

It is unlawful for any State officer, commissioner, head of any State department or other employee whether elected or appointed, to expend more money than the sum specifically appropriated or authorized by the Legislature or approved under the provisions of NRS 353.220 to 353.335 for any such office, commission or department.

It is also unlawful to bind, or attempt to bind, the State or any fund or department in any amount in excess of the specific amount provided by law for any purpose whatever. Any officer, elective or appointive, who violates any of these provisions, shall be guilty of malfeasance in office. All other persons shall be guilty of a misdemeanor. (NRS 353.260)

Staff members making Unauthorized Purchases may also be subject to disciplinary action and personal liability for Unauthorized Purchase(s).

Emergency Purchases

Per SAM 1552, an Emergency Purchase is a purchase "necessary to protect life or public property." In the event of an emergency, a purchase may be made prior to obtaining purchasing authorization. **Note: The immediate realization that an item is needed to perform a task does not constitute an emergency or a rational to circumvent Federal and State purchasing and contracting rules and regulations.**

The staff member making the emergency purchase must, at the time of the emergency, attempt to communicate the emergency to the their supervisor, Divisional Administrator, or the Fiscal Administrator to obtain authorization for the purchase and to advise the Agency that an emergency exists to give the Agency an opportunity to provide support or call the applicable authorities to give assistance.

If the staff member cannot contact the Agency prior to the emergency purchase, the staff member must report the emergency purchase no later than the next working day after the emergency purchase was made to obtain "post facto" (After-the-Fact) purchase authorization. The staff member must also keep and provide all documentation, receipts, etc. surrounding the emergency purchase and give a written explanation of the emergency situation requiring the purchase.

Quotes Required on all Purchases

Written quotes are required as back-up to all purchasing document before approval. The quote(s) must contain the following:

a. The item(s) being requested;
b. The quantity of items being requested;
c. The unit price for each item;
d. The total cost for all items being requested;

e. The quote must be from a vendor which is currently active and authorized to do business for the State. If a vendor cannot be found which is currently active and authorized to business with the State, the staff member should contact their Budget Analyst to coordinate activating a vendor with the State so the purchase request can be processed.
f. The quote should not be more than 30 days old. If more than thirty days have passed since the quote was generated, an updated quote must be obtained prior to submitting the POR for approval.

Three Quote Requirement for Purchases over $500

Purchases over $500 but less than $1,000 require three quotes or a justification for using the requested vendor as back-up to the purchase order. All purchases over $1,000 require three quotes as back-up to the purchase order or contract request.

Purchasing Request Must Be for Current

Proposed expenses cannot be for prior time periods or be for future time periods not yet legally open by Federal and State statute, unless it is through a state approved contract.

Completed Purchase Document

In order for a purchase document to be complete it must answer the basic questions of who, what, where, when, how many, how much and why. The purchase document must clearly identify what goods or services are being requested, the quantity, the price per unit, and the program, activity or event benefitting from the requested purchase. The price per unit must be supported by back up documentation. Justification for reoccurring business cost are not required except as identified as requiring justification in the Cost Principles section, or if the quantity or price per unit are not reasonably consistent with previous purchases. At any time a budget analyst may request written clarification on purchase. Justifications are required for all purchase request for non-reoccurring business costs.

Required Signatures on Purchasing Documents

In order for a purchase to be considered authorized by the Department, the appropriate purchasing documents must have all the required signatures. A local purchase order must have at least three signatures, unless otherwise identified in the Cost Principles section of this policy.

- The Originator or Requestor;
- The Division Administrator;
- The Budget Analyst Assigned to the affected Budget Accounts;

A D-10 document must have at three signatures as well:

- The Division Administrator
- The Budget Analyst
- The Fiscal Administrator

The originator or requestor must be an FTE or seasonal employee budgeted in the Budget Account for which the expenditure will occur. The originator or requestor must also be directly associated with the program or activity for which the expenditure will occur. Temporary employees hired through a Temporary Service agency cannot originate a purchase request nor can any contractor initiate a purchase request. Accounting staff and the Budget Analyst will not approve or process any local purchase order without the appropriate originator or requestor signature.

Division Administrators can delegate to program supervisors who directly oversee a program for any purchase of goods or services under a $1,000, but this has delegation of authority has to be documented and submitted to their Budget Analyst to keep on file. At the beginning of each fiscal year the Budget Analyst will ask for an updated list for delegation of authority. A Division Administrator's signature needs to be on all purchases of goods or services equal to or greater than $1,000.

Budget Analyst who sign off on local purchases orders are confirming that there is sufficient budget authority for the year to make this purchase. If Budget Analyst finds that there is not enough Budget Authority they need to document this on the purchase order and initial the note and return it to the Division Administrator or supervisor and they are not to go forward with the purchase until arrangements have been made to increase Budget Authority. All request to increase Budget Authority must be approved by the Fiscal Administrator before a work program can be initiated.

Blanket Local Purchase Orders Are Prohibited

The Department prohibits any employee from submitting a blanket local purchase order for any goods or services.

Multiple Purchase Orders for the Same Good or Same Service Prohibited

Employees are prohibited from submitting multiple purchase orders over a short time period for the same good that if reasonably combined into one local purchase order would cause the purchase to be equal to or greater than $5,000. This will be considered circumvention and employees may be subject to disciplinary action. These orders must be combined and submitted on a D-10 form.

Employees are prohibited from submitting multiple purchase orders over a short time frame for the same service that if reasonably combined the one purchase would cause the purchase to be equal to or greater than $2,000. This will be considered circumvention and employees may be subject to disciplinary action. These requests for services must be done through a contract.

Shared Costs between Different Programs and Funding Sources

There are times when programs may need to share cost for certain goods or services. The purchasing document needs to clearly show how these costs will be allocated among the different programs by percentage and much show how these percentages were determined and explain why these cost need to be shared between programs.

Statewide Contracts

The State through its Purchasing Division execute contracts for different goods and services on behalf of all state agencies. Several of these contracts are mandatory, the Department employees are therefore required to use only these contracted vendors to purchase specifics goods and services. Use of statewide contracts still require the use of local purchase order for budgeting purposes and follow the same approval requirements for all local purchase orders.

Advance Payments

The Department does not pay for any goods until they have been delivered and have been verified to match all of the specifications of an order. The Department does not pay for any services until they have been completely fulfilled according to the terms of any agreed upon in any authorized and approved purchase document.

Sales and Use Tax

The Department does not pay sales and use tax on any goods or services within the State or purchases shipped in from another state. Sales and use tax is reimbursed to an employee when claimed as an out-of-pocket expense.

Increasing/Decreasing Purchase Orders

In the event the final cost of an NDA purchase differs from the amount on an NDA Purchase Order, the purchase order can be adjusted up or down on a case by case basis so long as it is within 10% or the original Purchase Order Amount and does not increase or decrease the total cost by more than $100. In addition, the Budget Analyst who signed off on the purchase order must receive written notification of the increase so the difference between the purchase order and can be reconciled before final payment is made.

For differences greater than 10% above or below the Purchase Order amount requires

written approval from their Budget Analyst is required before the purchase or service can be completed. Employees who proceed without written approval from there Budget Analyst are personal liable for the additional costs.

Altering the Terms of Purchase Orders, Agreement or Bids after Approval Prohibited

Employees are not authorized to make changes or alterations to purchase orders, agreement after they have been approved by authorized NDA personnel. Employee are not authorized to alter or changes bids issued to the Purchasing Division nor a purchase order issued by the Purchasing Division and employees are prohibited from negotiating directly with a vendor who is in the Purchasing or Contracting process with the Purchasing Division.

Separation of Duties for Ordering, Approving, Receipting and Invoicing for Goods and Services

The duties of 1) preparing purchase orders, 2) approving purchase orders and invoice payments, and 3) receiving merchandise are required to be segregated among different individuals.

Receiving merchandise has to done by an employee independent of preparing/approving the Purchase Order. The receiving employee will verify the condition and quantity of the merchandise. The receiving employee will sign and date the packing slip (or other receiving documents) to evidence receipt of goods.

Payments Are Not to Be Made from Statements

Payments to vendors are not to be made from statement but from invoices only.

Supporting Documentation for Expenditures

The Department shall maintain original documentation justifying expenditures; e.g., purchase order, original invoices, receiving documents and other original evidence of the State's obligation to pay. If an original invoice is not available, the documentation submitted should indicate it is to be used as an original invoice. An invoice must support payment of previous balances.

Selected Cost Items

The following list the various Federal, State and Department rules governing different classification of expenditures:

Operating Supplies

The State has contracted with several vendors for the purchase of general office supplies. These are **mandatory** contracts and as such State Purchasing prohibits the use of any other office supply vendors.

Break Room Supplies

The purchase of break room supplies **is not a permitted State expense**. Break room supplies include, but are not limited to: small appliances, cleaning supplies, coffee, napkins, cups, plates and utensils.

Decorating Offices

It is not the policy of the State or the Department to decorate offices, only to furnish them.

Portrait Photographs

State policy prohibits payment of claims for portrait photography with the exception of full-time elected officials who are entitled to one official State photograph during their term in office.

Printing

Nevada Revised Statutes (Chapter 344) as amended by SB 504 of the 2003 Legislative Session, which provides that all State printing and binding may be done on a competitive basis. It is in the best interest of the State of Nevada to do business with the State Printing Unit of the Legislative Counsel Bureau whenever possible.

For all jobs with an expected expense of $999.99 and under, the using agency may utilize the services of any printing vendor, including State Printing. For all jobs with an expected expense between $1,000.00 and $4,999.00, the using agency must obtain at least three (3) quotes, one of which must be State Printing. If a using agency so chooses, they may directly utilize State Printing at any amount under $4,999.99 without obtaining outside quotes. For anticipated amounts above $5,000.00, the using agency must direct their purchase through State Purchasing. In soliciting quotes or bids, State Purchasing must always solicit a quote or bid from State Printing.

When ordering, please try to place orders as far in advance as possible. If orders are to be on a rush basis or are time-sensitive, please be sure to specify the date

requested for completion of the order. Printers typically charge a premium for "rush orders."

In order to prevent delays in processing and producing printing orders, please include a completed State Printing Specification Form with your order and a sample of the product when ordering from State Printing. Use the **State Printing Specification Form** as a guide when ordering from outside printers.

Employees must show how quantities for printing items were determined and identify for what events or for what activities printing items will be used to prevent over ordering and having excess printing items sit in storage indefinitely. Employees must also qualify and/or quantify a Return on Investment (ROI) for all marketing and promotional print orders.

Meeting Room Rentals

Meeting rooms are available in State-owned buildings in certain Nevada cities. State agencies should use these facilities wherever possible and not submit claims for the expense of meeting rooms until exploring all State-owned facilities.

Marketing, Promotion and Educational Outreach Items or Supplies

Employees must show how quantities for items were determined and identify for what events or for what activities items will be used to prevent over ordering and having excess promotional items sit in storage indefinitely. Employees must also qualify and/or quantify a Return on Investment (ROI) for all marketing and promotional items or supplies.

Service Awards and Plaques for Employees and Volunteers

The Governor or head of a State agency may present service awards to State employees if:

1. The cost of each award does not exceed $50; and
2. The Office of the Governor or the agency has sufficient funds available for such awards.

As used in this section, service award means a suitable symbol, other than money, for faithful and exceptional public service. (NRS 285.080])

Individuals performing a service for a particular State agency on a voluntary basis and for which they are not otherwise compensated may be presented with an award/gift from that agency if:

1. The service performed is on the individual's own time and is not in the normal course of his employment;
2. The cost of each award/gift does not exceed $25.00; and
3. The agency has sufficient funds available for such awards/gifts.

Members of a State board or commission are not eligible under the definition of a volunteer.

Plaques may be presented to new or expanded businesses and individuals to show appreciation for contributions to the State.

Purchase of Bottled Water

The purchase of bottled water is not a permitted State expense unless justification as to why it is needed is approved by the assigned Budget Analyst and kept on file at the respective agency. Justification will only be based on health related issues associated with either the source of domestic water or the inadequacy of the domestic water delivery system. The purchase of paper cups is only permitted when the public is the consumer.

Building and Grounds Maintenance

All Building and Grounds maintenance expenditures require written pre-approval form the Program Officer I using the appropriate purchasing document, this includes all requests for the use of the State's Building and Grounds for services since they are oftentimes more expensive than outside vendors.

Vehicle Maintenance/Repairs

All vehicle maintenance and repairs of NDA vehicles over $250 require written pre-approval form the Program Officer I using the appropriate purchasing document. All employees are required to use automotive repair shops where the Program Officer I has secured agreements on behalf of the Department.

Heavy Equipment Repairs

Heavy equipment repairs including aircraft, heating and air conditioning not to exceed $15,000 (includes parts and labor). (NRS 333.390) Agencies authorizing repairs on State property are required to verify that the contractor maintains commercial general liability and workman's compensation insurance prior to start of work.

Computer Hardware/Computer Software

Computers, laptops, and file servers are not authorized for direct purchase in any amount using a local purchase order but have to purchased using a D-10 (RXQ) form through the State's Purchasing Division. D-10's for computer, laptops, and file servers require the signature of the requesting employee, the employee's Division Administrator, the Administration's Business Process Analyst, the employee's Budget Analyst and the Fiscal Administrator.

Purchase of software not available on a statewide contract and less than $5,000 per purchase may be direct purchased. These purchases requiring the following pre-approvals on a local purchase order: the employee's Division Administrator, the Administration's Business Process Analyst, the employee's Budget Analyst and the Fiscal Administrator.

Uniforms

See Uniform Policy

Food for Department Meetings or Events

The purchase of food for Department meetings or Department events is not allowed except for Board of Agriculture meetings or for events in which the Department charges registration fees. Employees are not allowed to receive paid meals for Department meetings or Department events unless there is not an opportunity provided to the employees to take a meal during the meeting or event. Purchase documents for the purchase of food, except for Board Meetings, must include the list of all attendees receiving meals.

Refreshments or beverages for meetings or events not listed above must be paid for by employees out-of-pocket and these expenses are not reimbursable.

Cell Phones/Mobile Devices

See Cell Phone Policy

Subscriptions

Subscriptions for purchases of books, magazines, newspapers, films, software instructions or other publications shall be in the name of the agency and the position, not in the name of the incumbent. Payment for either new or renewal

subscriptions, up to two years, may be in the fiscal year that the renewal invoice is received or the original subscription is invoiced. The subscription period need not coincide to the fiscal year period.

Professional Association Dues

Professional association dues for individual State employees are not allowed at State expense. State funds may be used to pay dues if:

1. The State employee is eligible by virtue of the unique State position he holds;
2. The membership is institutional;
3. There are demonstrable benefits accruing to the State rather than the individual; or
4. The professional organization is not open to all individuals of the profession such as the National Association of Accountants, the American Society for Public Administration, etc.

Registration Fees

Conference registration costs will be paid if an employee participates in the program or gives a presentation, or must attend as part of his/her State duties. In addition, registration costs of attendees/participants in events and other activities related to or sponsored by State economic development or tourism marketing or public relations will be paid. The name of the conference, the dates and the employee's name shall be listed on the registration receipt. (**SAM 2636**)

Training

Training of state employees or persons representing the State at an off-site location. On-site training shall follow the contracting process of SAM Chapter 0300.

Weapons

Weapons are not authorized for direct purchase in any amount.

Professional Services

Employees and their Budget Analyst are required to verify on that professional services are not already provided for on a statewide contract at the Purchasing Divisions website before the final approval of a local purchase order.

Additional Email/VPN's/Voice Mail

Requests for additional emails or voice mails not assigned to a FTE position have to be done on a local purchase orders, requires a justification, and requires the following signatures for approval: the employee's Division Administrator, the Administration's Business Process Analyst, the employee's Budget Analyst and the Fiscal Administrator.

Requests for VPN's have to be done on a local purchase orders, requires a justification, and requires the following signatures for approval: the employee's Division Administrator, the Administration's Business Process Analyst, the employee's Budget Analyst and the Fiscal Administrator.

Copier Leases

Employees are prohibited from leasing copiers or copier accessories without the approval of their Budget Analyst. Request for leases must be done on a local purchase order and requires not the signature of the the employee's Division Administrator, the Administration's Business Process Analyst, the employee's Budget Analyst and the Fiscal Administrator.

Lease or Rental of Equipment

Employees must contact their Budget Analyst and the Purchasing Division prior to entering into any rental, lease or time pay agreements for any supplies, material or equipment. No agreements may be signed without the approval of the Purchasing Division, except for short-term rentals not exceeding $5,000.00. Employees must be appropriately qualified to operating rented equipment before renting or leasing equipment.

Prohibitions and Circumvention

All Department employees shall disclose and abstain from participating in any contracting or purchasing activities in which they have a commitment in a private capacity (NRS 281A.065, NRS 281A. 420(1). Statute prohibits public officers or employees from participating as an agent of government in the negotiation or execution of a contract between the government and any business entity in which he or she has a significant pecuniary interest (NRS 281A.400, NRS 333.810).

A contract for services entered into by Department employees contrary to the provisions

of Nevada Revised Statutes, the State Administrative Manual, the rules and regulations of the Purchasing Administrator, and Department of Agriculture's policies and procedures shall be void. An employee who actually enters into such a contract or agreement shall be personally liable for any cost incurred.

SCOPE:

This policy applies to all NDA employees in the position of requesting or receiving products or services, spending NDA funds, or approving NDA funds to be spent on products or services.

REFERENCES:

NRS Chapter 277.080 to 277.170; NRS Chapter 281, NRS 281A, NRS Chapter 284.173; NRS Chapter 333, NRS Chapter 353, NRS Chapter 353A, NRS Chapters 616A to NRS 616D, NAC Chapter 284.650, NAC Chapter 284.738, NAC Chapter 284.754, NAC Chapter 284.766, NAC Chapter 333, SAM Chapter 0300, and SAM Chapter 1500.

POLICY COMMUNICATION:

This policy will be made available to all employees within the Department of Agriculture and to the public.

DIRECTOR'S POLICY AUTHORIZATION:

Jim R. Barbee, Director — 1/15/15 Date

APPROVED BY THE BOARD OF AGRICULTURE ON 12/3/14.
Effective Date