

**ELIZABETH CITY STATE UNIVERSITY**  
**Purchase Authorization Procedures**

**Preamble**

It is the goal of Elizabeth City State University to operate on the principle of budgetary allotments to the various departments. In order to make sure procurement rules, N.C. General Statutes (G.S.) and ECSU policies are adhered to, the following procedures must be followed.

**1. Department Head Spending Authority**

The Head Administrator of each area is responsible for expenditures from the allotted departmental budgets. The authority to make purchases for services and material from the allotted departmental budgets is given to the Purchasing Department by the signatures on the purchasing requisition and appears as follows: Departmental Head, fiscal Budget Officer and the Controller.

**2. Grants and Contracts**

Grants and Contracts expenditures must be authorized by the Principal Investigator, (owner of the grant). Grants and Contracts may require the approval of a second party before funds can be expended. It is the responsibility of the Principal Investigator to obtain all necessary authorizations for expending such funds. Requests not properly authorized will be returned by the Purchasing Department for necessary authorization.

**3. Spending Limits and Requirements of Total Order**

<u>Purchases</u>	<u>Requirements</u>
\$0 - \$5000	No Quotes Required (State Contract items must be purchased from State Contract)
\$5000 - \$20,000	Quotes (telephone, fax or written)
\$20,000 – 100,000	Bids (State IPS)
\$100,000 – +	Request submitted to NC P&C

**4. Delegations/Exemptions**

N.C. Division of Purchasing and Contract delegates two types of authority to agencies: general delegations, and special delegations.

**a. General Delegation**

When the dollar amount of the expenditure is under \$100,000 and it is not an established term contract, ECSU is authorized under a general delegation to acquire commodities and contractual services, by purchase, rent, and lease-purchase, and are subjected to the following rules.

- i. All commodities and contractual services covered by term contracts must be acquired from those contracts. In situations where a special type item or contractual service is needed for a particular application, the NC Division of Purchase and Contract should be consulted for appropriate action.
- ii. ECSU's Chancellor shall set forth in writing, procedures for making small purchases. The NC State Purchasing Officer may require copies of these written procedures be sent to the NC Division of Purchase and Contract. (Small Purchases = \$5000 or less)
- iii. For expenditures over \$5000 - \$100,000 specific rules that apply to the procurement process can be found in the attached policies.
- iv. ECSU Purchasing Office must monitor all types of purchases to make sure the benchmark of \$100,000 is not exceeded. This includes monthly, quarterly (scheduled buying) purchases and ECSU specific term contracts (items purchased repetitively).
- v. Agency quotation forms, general terms and conditions of purchase and purchase order forms are subject to the approval of the State Purchasing Officer.
- vi. ECSU Purchasing Office should monitor purchases under the general delegations to guard against abuse of the system and to insure that the dollar value received is commensurate with the dollar amount expended.
- vii. Awarding of contracts under the general delegations shall be the responsibility of the Chancellor or his designee

**b. Conditions for Special Delegations**

The State Purchasing Officer may authorize, by special delegation, any agency to purchase specific items, quantities, or contractual service without limitation based on the expenditure. Such delegation is normally confined, but not limited to, items, quantities, or services, which by their nature or circumstance serve no practical purpose. Such as perishable, transportation cost, local conditions or local availability. Some special delegations apply to all agencies and some are agency specific. All delegations shall be in writing and made a matter of record. Unless otherwise specified by the State Purchasing Officer, special delegations are subject to all of the following conditions:

- i. All commodities and contractual services covered by term contracts must be acquired from those contracts.
- ii. Competition must be solicited, where available.
- iii. ECSU Purchasing Department is required to issue its own solicitation documents. This shall also apply to a waiver, if time permits.
- iv. ECSU's terms and conditions on the solicitation document shall be applicable to the requirement.
- v. All transactions shall be documented. This included a record of all quotes received, written or verbal, written justification for award and written reasons for waiver.
- vi. All purchasing files must be retained for a period of five years. This includes purchase orders and all supporting documentation. (Example: all quotes, sole source waiver, justification for awards, copy of purchase order and any correspondences.)

- vii. Awarding of contracts under a special delegation shall be the responsibility of the Chancellor or his designee. However, the State Purchasing Officer may require that offers received under such delegations be sent to the NC Division of Purchase and Contract for determination of the successful company.
- viii. Any controversial matter arising from a special delegation must be brought to the attention of the State Purchasing Officer.
- ix. Specific delegation may be subject to additional conditions as determined by the State Purchasing Officer.
- x. NC Division of Purchasing and Contract shall periodically review its delegations to ascertain the availability of these items or services and their continued suitability for delegation.

**c. List of Special Delegations**

These delegations apply to ECSU:

- i. Repairs (Non-Construction): Purchasing authority for repairs handled by private sector personnel, regardless of cost, is delegated to the using agency, but competition must be sought where available. Where materials are being purchased for a repair and using agency personnel will perform the needed repair, the purchase of the materials must be handled in accordance with normal purchasing procedures outlined in this manual.  
NOTE:  
Where any structural changes are to be made in or to an agency-owned building, the proposed project should be handled in accordance with construction statutes and rules applicable ECSU's policies and procedures.
- ii. Feed: Authority to purchase feed, including special ingredients, is delegated to using agencies which are engaged in the feeding of animals, poultry and fish.
- iii. Animals, poultry and fish: Authority is delegated to purchase animals, poultry and fish.
- iv. Athletic Apparel: Authority to purchase athletic apparel is delegated to using agencies. In the purchase of athletic apparel there are certain considerations regarding the safety of the athlete which should remain within the control of the using agency officials.
- v. Aircraft: All purchases of goods and services shall be handled by the agency. This does not include the purchase of the aircraft itself, or those goods and services that are covered by a statewide or agency specific term contract.
- vi. Playground Equipment (Structures): Where the purchase of playground equipment is being handled as a commodity purchase (vs. a construction project), the authority to purchase such playground equipment and its installation is delegated to the using agency.
- vii. Ready-Mix Concrete: Where the purchase of ready-mix concrete is being handled as a commodity purchase (vs. a construction project), the authority to purchase such ready-mix concrete is delegated to the using agency.

- viii. Plants, Live: Authority to purchase trees, bushes, flowers, etc. (Not Seed) is delegated to using agencies.

**d. Exemptions:**

- i. Except as provided in (1), it is not mandatory for the items and services listed below to be purchased through P&C. However, where such purchases are made directly by ECSU, competition is required wherever possible.
1. purchase of liquor;
  2. perishable articles such as fresh meats, fresh fruit, fresh vegetables, fresh fish, poultry and eggs;
  3. published material produced by others, such as newspapers, magazines, pamphlets, manuscripts, and books. Also maps, charts, globes, film, filmstrips and recordings (including tapes).
  4. services provided by individuals by direct employment contracts with the state;
  5. public utility services (gas, water and electricity);
  6. services provided which are subject to published tariff rates as established by the State Utilities Commission;
  7. services which are merely incidental to the purchase of supplies, materials or equipment such as installation services;
  8. contracts for construction of and structural changes to public buildings;
  9. personal services: provided by a professional individual (person) on a temporary or occasional basis, including (by way of illustration, not limitation) those provided by a doctor, dentist, attorney, architect, professional engineer, scientist or performer of the fine arts and similar professions; the exemption applies only if the individual is using his/her professional skills to perform a professional task; a personal service may also be a consulting service;
  10. services provided directly by an agency of the state, federal or local government, or their employees when performing the service as a part of their normal governmental function.
- ii. In addition to products and services exempted by Statute, the SPO may exempt other products and services from purchase through P&C provided that the SPO makes findings:
1. that competition will not enhance the price that the State would receive for the product or service; and,
  2. that competition will not enhance the quality of the product or service that the State would receive.
- iii. Soliciting competition for bakery products and dairy products shall be handled by ECSU, regardless of the dollar value of the proposed contract, but awarded through P&C if over the ECSU's delegation.

**ELIZABETH CITY STATE UNIVERSITY**  
**Unauthorized Purchases**

**Preamble**

It is the policy of Elizabeth City State University (ECSU) to be excellent stewards of the public funds entrusted to it. These funds, regardless of the origination, require that we make judicious decisions in managing the funds for the benefit of the University and ultimately, the citizens of the State of North Carolina. We commit, through our business practices, to seek competition and to engage the best procurement practices in the execution of our function.

An unauthorized purchase is any expenditure that does not conform to the procurement rules, regulations, statutes of the State of North Carolina and ECSU.

**1. Purchase Commitments**

The ECSU Purchasing Office has the exclusive responsibility for making all purchase contracts entered into for the University except rental or purchase of real property.

**2. Personal Obligation**

Purchases charged against University funds that are not made in accordance with university policy will be the personal responsibility of the individual placing the order. Thus, ECSU's Chancellor or Vice Chancellor for Business and Finance may disapprove any unauthorized purchases whether at the time of invoicing or awareness.

**3. Penalties for Non-Compliance**

Compliance with University and State Purchasing guidelines is crucial to the operations of the university. Employees who do not follow appropriate purchasing guidelines will be subject to the penalties listed below.

- A. First Offense** - The employee will be notified in writing (with a copy to the employee's supervisor) that s/he will be required to attend purchasing training. The employee may also be required to pay for the item purchased. Purchasing authority will be suspended until the employee under goes additional purchasing training.
- B. Second Offense** - The individual will be required to pay for the item purchased and the individual's purchasing authority maybe terminated. Any SPA employee, who violates this policy twice, shall be subject to disciplinary action as set forth in applicable provisions of ECSU and OSP policies governing SPA Discipline/Appeals/Grievances. Any EPA employee, who violates this policy twice, shall be subject to disciplinary action as provided by applicable provisions of ECSU and UNC policies governing EPA employees.

**ELIZABETH CITY STATE UNIVERSITY**  
**Purchase for Personal Use of Employees**

**Preamble**

It is the policy of Elizabeth City State University, the Board of Governors, and also N.C. State Law, that no employee will dishonor the public's trust by making personal purchases using public funds. Nor use state owned property for personal use.

**1. Personal Purchases are Prohibited**

Any purchases made with public funds by a State Employee do not belong to that employee, but the purchased merchandise become property of the State of North Carolina. N.C. State laws and the University of North Carolinas' policies prohibits ECSUs' Purchasing Department from entering into any purchase agreement for employees. All materials purchased by the University remains property of the State of North Carolina until consumed or disposed of through surplus property procedures.

**2. Personal Use of State Owned Property**

- a. Personal use of State or University owned or leased equipment, supplies, or materials, on or off campus is prohibited. Examples of off campus locations: employee's residence, private shop, lab, office, etc.
- b. North Carolina G.S. 114-15.1  
<http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=114-15.1> requires state employees who have information or evidence of misuse of state property to report such information or evidence to their immediate supervisor within three days. The supervisor must then report the matter to the head of their institutional agency (or his designee), who in turn must report the matter within 10 days to the director of the State Bureau of Investigation (SBI). Misuse of state property includes attempted arson, arson, damage of, or misuse of, any state owned personal or real property.

**3. Retail Sales**

- a. Retail sales items, such as University Store items does not give employees working in this area the right to include personal items on departmental purchase requisitions. (see G.S. 66-58 <http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=66-58> "Sale of Merchandise by governmental Units")

**4. Penalties for Non-Compliance (Reference ECSU "Unauthorized Purchases" Policy)**

**ELIZABETH CITY STATE UNIVERSITY**  
**Responsibility for Supplies and Equipment After Purchase**

**Preamble**

It is the policy of Elizabeth City State University to hold each Department Head responsible for all supplies and equipment purchased by the University and placed in his/her department. Each Department Head should safeguard and be solely accountable for the merchandise entrusted in their care.

**1. Department Head**

The Department Head is accountable to the university's Chancellor for all supplies, materials, and equipment purchased in the department's name regardless of the source of funds. The responsibilities includes seeing that adequate precautions are made to insure such materials from theft and abuse and that records of location and identification are maintained on movable equipment. (Reference ECSU policy 400.1.54)

**2. Principal Investigator**

Grant or Contract Research Funds should be made payable to Elizabeth City State University and not the Principal Investigator nor a particular department. The Principal Investigator who uses the merchandise that these funds purchase is responsible to the Department Head and the Department Head is responsible to the Chancellor.

**3. Penalties for Non-Compliance (Reference ECSU "Unauthorized Purchases" Policy)**

## **ELIZABETH CITY STATE UNIVERSITY Specifications**

### **Purpose**

The primary purpose of a purchase specification is to provide a basis for obtaining a product or service that will satisfy a particular need at an economical cost. Specifications should be written to invite maximum reasonable competition. Specification should not be unduly restrictive. By nature, however, a specification sets limits and thereby eliminates, or potentially eliminates, items that are outside the boundaries drawn. Specifications should be written to encourage not discourage, competition, consistent with seeking overall economy for the purpose intended.

Specifications are used by the university to describe what it intends to purchase. They are used by vendors to prepare bids to supply the items or services requested. During the evaluation of bids, the specifications are used to determine each bidder's compliance with the requirements and ultimately to select the contracted vendor. For this reason they must be as generic as possible and express the university's minimum needs, without any unjustified bias toward a specific brand. After an item has been delivered or a service performed, the written specification to which the vendor bid is the key legal document in settling any dispute concerning the quality of the product or service received.

### **Two General Types of Specifications**

There are two (2) general types of specifications. A standard specification is originated and developed by the Contracts and Standards Section of the NC Division of Purchase and Contracts. These types of specifications are comprehensive in nature and intended for repeated use.

The other type of specification is generated by ECSU. It is, by the nature of the commodity or pattern of user demand, not intended for repetitive use.

Sometimes, other types of specifications may be presented in the form of "brand name or equal", or in the form of "brand name only."

### **Determining Your Specifications**

If you have experience with different varieties and models of a product, it is much easier to document your requirements in the form of specifications. If you do not have this experience, it is helpful to discuss your options with a purchasing agent and often times it is most helpful to have vendors demonstrate equipment for you. Although vendors obviously wish to sway your choice toward their equipment, a demonstration can be an enlightening experience which will make you much more knowledgeable of different products and their capabilities. They should be used wherever possible. If a brands specific requisition is submitted, it must be accompanied by a written justification explaining why the product is singularly able to meet the requirements.



**Brand Specific Specifications**

Brand specific specifications are not to be used unless the particular requirement can only be met by the exact specifications offered by a particular piece of equipment. These items are generally more expensive since they often contain additional features which are not needed. Generic specifications encourage competition. They should be used wherever possible. If a brand-specific requisition is submitted, it must be accompanied by a written justification explaining why the product is singularly able to meet the requirements.

**ELIZABETH CITY STATE UNIVERSITY**  
**Solicitation of Bids and Quotations**

**State Statutes**

The Statutes of the State give explicit instructions on the solicitations of bids when the total purchase is \$35,000 and over. Please be sure you do not exceed the \$35,000 benchmark when scheduling monthly and quarterly purchases and indefinite quantity contracts which may be established for items purchased on a repetitive basis. Indefinite quantity contracts must have a stipulation that the expenditures on the contract cannot exceed this benchmark. If it is determined that the expenditures on an indefinite contract may exceed the benchmark for a one-year period, please notify the Purchasing Department which will in turn contact the NC Division of Purchase and Contract for handling.

**Solicitation on Orders < \$35,000**

Solicitation of bids and quotations on orders for less than \$35,000 and on certain specified items and services has been delegated by the State to the University. With this delegation comes the requirement to solicit, where possible, competitive bids whenever purchases are \$2,500 or more. All quotations, including sole source documentation, must be no older than (30) days.

Competitive Guidelines that ECSU must follow:

1. Purchases with a total dollar value of \$2,500 or less do not require written competition. However, the Purchasing Department will monitor these procurements to guard against abuse of the system and to ensure that the dollar value received is commensurate with the dollar amount expended.
2. Telephone or written competitive quotes are required, where available, for purchases valued from \$2,500 - \$5,000.
3. The Purchasing Department and the Requisitioning Department must work together to assure a written request for quotes for purchases that exceed \$5,000 but are less than \$35,000 is issued. Even in the case of a waiver of competition, if time permits, a written request for a quote should be sent out to the sole source vendor. A permanent copy of these written requests for quotes will be on file in the Purchasing Office.
4. The Purchasing Office must document all transactions over \$2,500. This includes a record of all quotes received, written and verbal, written justification for award to other than the lowest quote, and documentation for waiver and emergency purchases over \$2,500.
5. In all cases, applicable legal requirements, good purchasing practices, and all Procedures specified in the North Carolina Department of Administration – Division of Purchase and Contract Manual

must be followed, including obtaining reasonable and adequate competition over \$2,500 where available.

6. Purchases may not be divided into smaller orders of \$2,500 or less to avoid seeking competition, or into two or more orders under the \$35,000 benchmark to circumvent the necessity of the requisition being sent to the NC Division of Purchase and Contract.
7. All written request for quotes (See No. 3 Above) sent out by agencies must include standard terms and conditions applicable to the requirement. Included in the appendix of this manual is a copy of the General Contract Terms and Conditions used by the NC Division of Purchase and Contract. All ECSU requests for quotes must contain, as a minimum, the contents of these “Terms and Conditions”.
8. Quotes received that include conflicting or unacceptable terms and conditions will be rejected.
9. All ECSU written quote forms sent out should provide a space for a signature of an authorized company representative to certify that the quote was submitted competitively and without collusion. A statement to this effect should be included on the ECSU written quote form.
10. In securing quotes, advertisement is not required. All files are public record after the award of the contract and must be open to public inspection. (Exception – Information may be kept **confidential** where it involves trade secrets, fiscal reports, technical data or similar information of a private nature. It is the intent of this provision that the bidding process not be damaged or otherwise used by and among competitors as a means of obtaining information not otherwise normally available.)
11. Allow at least ten (10) calendar days for the return of written quotes. In certain cases, however, this requirement may be waived if justified.
12. All purchasing files, regardless of dollar value, must be retained for a period of five (5) years after their expiration. This includes purchase orders (term contract and non-term contract), quotes (verbal and written), waivers, and emergency purchases. All supporting documentation must be kept in the file during this retention period. (Examples: all quotes received, justification for going with other than the low quote or with sole source(s) if a waiver or an emergency purchase, copy of purchase order and any pertinent material or correspondence.
13. The ECSU form used for written quotes should clearly identify its purpose (Ex. Request for Quotes), ECSU’s name and FOB (Free On Board) destination address, a clear description of the item(s) needed, the return date, the State’s “Terms and Conditions”, a signature section for the company to fill out, a space for delivery time to be offered, and all other specific requirements applicable to the purchase. (Please See Pur Append No. 4: ECSU Requests for Quotation)

## **Specifications**

Generic specifications *encourage competition*. Whenever possible, requisitions should be supported by a description of need, functional specifications, technical specifications, installation and training requirements, service requirements, and other criteria which will allow vendors to bid their products to suit the particular needs of the of the user. Do Not Quote Brand Specific Specifications unless the particular requirement can only be met by those exact specifications. Quoting brand specific specifications without reasonable justification deviates from State Statutes and shortchanges the University by unnecessarily restricting competition. If your requirement can only be met by a brand specific specification, a justification statement must accompany the Purchase Requisition.

## **Limited Competition**

The Purchasing Department is responsible for ensuring that fair and equitable competition is achieved for all purchases delegated to the University. To accomplish this, items which can be obtained from the University Stores inventory, existing state contracts or negotiated pricing agreements must be obtained from these sources. Any deviation from these sources requires a justification with the requisition. Sole source and/or product specific requisitions for purchases over \$2,500 must be accompanied by a justification statement. While a requestor may designate a specific vendor to fill a requisition, the Purchasing Department will search for the most advantageous source, price and other source selection factors considered.

## **Formal Bid Procedures**

For requisitions greater than or equal to \$10,000 but less than \$35,000, the Purchasing Department will use the University sealed formal bid procedure to obtain competitive bids. Requisitions totaling \$35,000 or more will be submitted through the Purchasing Department to be bid by the NC Division of Purchase and Contract.

## **Conditions When Competition Can Be Waived**

Under certain conditions, and otherwise if deemed to be in the public interest, competition may be waived. Conditions permitting waiver include, but are not limited to, the following:

- 1) cases where performance or price competition are not available;
- 2) where a needed product or service is available from only one source or supply;
- 3) where emergency or pressing need is indicated;
- 4) where competition has been solicited but no satisfactory offers were received;
- 5) where standardization or compatibility is the overriding consideration;

- 6) where a donation predicates the source of supply;
- 7) where personal or particular professional services are required (this does not refer to legal counsel) Please See policies 400.1.23 and 400.1.24: Contractual and Services and Consultant Services;
- 8) where a particular medical product or service, or prosthetic appliance is needed;
- 9) where a product or service is needed for the blind or severely disabled and there are overriding considerations for its use;
- 10) where additional products or services are needed to complete an ongoing job or task
- 11) where products are brought for “over the counter” resale;
- 12) where a particular product or service is desired for educational, training, experimental, developmental or research work;
- 13) where equipment is already installed, connected and in service, and it is determined advantageous to purchase it;
- 14) where there is evidence of resale price maintenance or other control of prices, lawful or unlawful, or collusion on the part of companies which thwarts normal competitive procedures;
- 15) where the amount of the purchase is too small to justify soliciting competition or where a purchase is being made and a satisfactory price is available from a previous contract;
- 16) where the requirement is for an authorized cooperative project with another governmental unit(s) or a charitable nonprofit organization(s);
- 17) where a used item(s) is available on short notice and subject to prior sale.

Although competition may be waived for proper cause, competition is required wherever practicable. Where waiver is contemplated, and the expenditure is over the agency benchmark(\$35,000) and it is not covered by a delegation or printing authorization, the procurement must be sent to the NC Division of Purchase & Contract for handling.

**ELIZABETH CITY STATE UNIVERSITY**  
**Bids and Selection Information**

**Preamble**

North Carolina General Statutes (G.S.) 143-129

<http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=143-129> and (G.S.) 143-131 <http://www.ncleg.net/gascripts/statutes/statutelookup.pl?statute=143-131> gives specific instruction on formal and informal bids and the selection of the lowest responsible bidder. Bids over Elizabeth City State University's threshold of \$100,000.00 are considered formal bids and must be forwarded to N.C. Purchasing and Contract. Bids of \$5,000.00 – \$100,000.00 are considered informal bids and can be handled by ECSU's Purchasing Department for bid solicitation (Reference Policy 400.1.1). It is imperative that the bid process is followed correctly, because all information submitted in a successful bid is used by the Purchasing Department to prepare the purchase order. The purchase order form itself binds the vendor to meet the quantities, qualities, prices, and other conditions as proposed in the bid. Elizabeth City State University Purchasing Department is committed to seeking competition and providing the best procurement practices in the execution of our function.

**1. Official Bids**

If competition is received during bid solicitation, the requesting department will be contacted before an order is placed. If the lowest priced bid is not selected, a justification statement must be prepared by the user.

**2. Solicitation**

Solicitation of competitive bids or quotations is the responsibility of the Purchasing Department. Any quotations requested by departments are not considered official and are used for informational purposes only. Generally solicitation of quotations by departments should be done only in conjunction with obtaining technical information about an item. Any pricing information received must be protected and not released to anyone outside the University so as not to compromise the competitive bidding process.

**3. Lead – Time**

When issuing a requisition for materials, the requestor must consider the time it takes to solicit and evaluate bids, place the order, and finally effect delivery. Also, bear in mind that the lack/inadequacy of the requisition justifications and specifications may significantly delay the requisition beyond the normal processing time frame.

**4. If Order is Priority**

If there is a need to have a requisition handled as a "priority", please indicate that on the requisition with the rationale for the priority handling. This is particularly important for purchases greater than or equal to \$100,000, as State Purchasing and Contract agents have a high volume of work and must have some indicator to help them prioritize their work load.

**ELIZABETH CITY STATE UNIVERSITY**  
**Sole Source or Brand Specific Purchases**

**Preamble**

Elizabeth City State University realizes that every desired purchase will not have competition that can be acquired, nor do all generic items fit every situation. For these reasons, sole source or brand specific purchases are permitted. This policy applies only to items that fit in these specific categories.

**1. Justification**

Some technical items have only one known source or a brand specific item that will satisfy the requirement. Justification for a purchase of this type of item without competitive bidding must accompany the purchase requisition. Please note that “cost” or “urgency” is not a valid single source justification. A justification form should be filled out, attached to the requisition and forwarded to the Purchasing Department for approval. (Sole Source/Brand Specific Justification Form is located on the ECSU Form & Document website [www.ecsu.edu](http://www.ecsu.edu) ) This form includes the following information:

- a. Name and address of the suggested supplier;
- b. Technical specifications which make the product unique;
- c. Names and addresses of other vendors which make similar products,
- d. Details of the ways such products fails to meet required specifications;
- e. Any other information which supports the uniqueness of the requested item(s).

**2. Supporting Documents**

Copies of all correspondence including any vendor quotations received in the selection of the special product should also accompany the Purchase Requisition.

**3. Approval**

If the request is \$100,000 or more in cost, the request will be forwarded to the NC Division of Purchase and Contract for processing. If State Purchase and Contract concur in the justification for the uniqueness of the product, the request will be presented to the State Board of Award with the recommendation that the product be waived from the competitive bidding process.

**4. Limited Use**

This process is not frequently used since there is generally competition for almost any type of equipment or supplies used by the University. In many cases, even “brand specific” products may be purchased from more than one source.

## **ELIZABETH CITY STATE UNIVERSITY State Term Contracts**

### **State Term Contracts**

In an effort to use its large scale purchasing power to reduce statewide purchasing costs for common items, the state has vendors compete for state (term) contracts. To obtain the best prices for all state agencies, the contracted vendor is guaranteed all state purchases for specified items for a period of one to two years. Because these contracts are for a given period they are referred to as term contracts.

### **ECSU is obligated to Purchase**

The first thing ECSU must do is to determine if the item or contractual service is available from one of the statewide term contracts established by the NC Division of Purchase and Contract. If so, then the order must be placed with the appropriate contractor listed. If more than one contractor is listed, then the one that will best satisfy your needs or the one that is identified as a HUB (Historically Underutilized Business) vendor should get the order.

After determining that the item or contractual service is not covered by a statewide term contract, the next step will be to determine if the item or contractual service is available from a term contract established by ECSU. If so, then the order is to be placed with the appropriate contractor in accordance with the terms of that contract.

Because we are a state agency, when we purchase equipment, supplies, or services with public funds, we must purchase these items from the appropriate State Contract vendors. In situations where an item on state Contract has unnecessary features or does not have the particular features needed, we may be able to purchase outside the state contract. In these circumstances, however, conclusive documentation in the form of a "justification memorandum" must be provided for consideration by the Purchasing Division and/or the State Purchase and Contract Division.

A term contract is not an "Approved List" . It is a legally binding agreement between the State and the awarded vendor to buy and sell certain items at certain prices for a specific, period of time. It is not a list of "ceiling" or "approved" prices. At no time is it legal for agencies, school, etc., to purchase contract items from other sources at the same or lower prices.

Provisions do exist for the purchase of equipment that cannot be met by term contracts and for unusual quantities of term contract items when it has been determined by the NC Division of Purchase and Contract that this type of acquisition is in the best interest of the State.



Term Contracts are designed to serve the needs of all agencies, public schools, universities, community colleges, and certain non-state agencies. They are established through the competitive bidding procedure. When it is necessary to amend, modify or cancel all or parts of an active term contract, all state users of that contract will be notified.

**ELIZABETH CITY STATE UNIVERSITY**  
**Small Dollar Purchases**

**Preamble**

Small purchases are recognized by Elizabeth City State University as items, print jobs or services costing \$5000 or less. Items appearing on a state contract must be purchased from that contract. If a contract does not exist, it is not required, but recommended that price checks are done to locate the best price.

**1. Procedures**

Small purchases are processed by using the standard requisition process. All levels of signatures are required. In situation where vendors do not accept purchase orders, the purchasing card (p-card) may be used.

Orders costing over \$5000 must have three price quotes accompanying requisition. It is unlawful to split orders to evade the purchasing process.

**2. Special Notice**

The small purchase order procedure used in the past is no longer applicable.

**ELIZABETH CITY STATE UNIVERSITY**  
**Blanket or Standing Purchase Orders**

**Preamble**

Elizabeth City State University recognizes and accepts the purpose of a blanket or standing order is to eliminate multiple orders. Blanket orders can also help save time and speed up the purchasing process. This is recognized with quick turn around time for products or service.

**1. Definition**

A “blanket order” is a purchase order that has been issued to a vendor, against which purchases may be made. When repeated purchases of the same type of supply item are expected, multiple purchase requisitions may be eliminated by submitting one purchase request to establish a standing order. The purchase order can be used until the remaining funds on the order are exhausted. A new purchase order can be issued once the order reaches a zero balance.

**2. Supplies Only**

Standing orders are issued for supply type items only. Purchasing of equipment must be requested on a purchase requisition as the need arises.

**3. Approval**

Requests for standing orders are approved by the Director of Purchasing. The request can be made on a purchase requisition.

**4. Competition**

All standing orders are subject to the rules of competitive procurement. “Non - Competitive” standing order must be accompanied by conclusive documentation detailing the rationale for using a single source. (Please see ECSU “Sole Source or Brand Specific Purchases” Policy)

Estimated cost prior to the issuance of the purchase order results in each requesting department’s budget being encumbered in the amount of that cost as indicated on the purchase requisition. If a standing order is cancelled, the outstanding balance on the order will be liquidated, thus making the funds available for other purchases.

**5. Encumbrances**

Outstanding encumbrances on standing orders written against state appropriated funds reverts to the state account at the end of the fiscal year; therefore only sufficient funds to cover the anticipated purchases should be requested on the purchase requisition.

**6. Description**

A blanket order requisition should contain the following: Vendor name and address, type of commodity, requesting departments’ name, the estimate dollar amount and the appropriate signatures.

**7. Shipping Instructions**

Shipping releases against standing order are made by the requesting department. Explicit shipping instructions and the applicable purchase order number must be supplied to the vendor for each order of materials. Materials cannot be shipped against this order beyond the period indicated, nor can material be shipped in excess of the dollar amount, without authorization from the Purchasing Department.

**ELIZABETH CITY STATE UNIVERSITY**  
**Emergency or “Pressing Need” Purchases**

**General**

The Secretary of the Department of Administration of the State of North Carolina has delegated to the various State agencies the authority to make emergency or “pressing need” purchases not to exceed \$35,000 without following the prescribed procedure for routine purchases. The Purchasing Department must report all emergency purchases greater than \$35,000 to the NC Division of Purchase and Contract with a written justification for handling the transactions as emergency.

**If Emergency or Pressing Need Is > \$35,000**

Emergency or “pressing need” purchases costing in excess of \$35,000 and not covered by a special delegation must receive verbal approval, if time permits, by the Division of Purchase and Contract before the purchases are made. The purchase of equipment, materials and supplies will be reported to the Division of Purchase and Contract Board of Award as a matter of record. As with all types of purchases, the ECSU Purchasing Department has the sole authority for entering into contracts to secure these materials or services.

**Definitions**

*A pressing need* is one arising from unforeseen causes including but not limited to delay by contractors, delay in transportation, breakdown in machinery, or unanticipated volume or work and can be rectified only by an immediate on-the-spot purchase (or rental) of equipment, supplies, materials, printing or contractual services; while *emergencies* are defined generally as situations which endanger lives, property or the continuation of a vital program and which can be rectified only by immediate on-the-spot purchases or rental of equipment, supplies, materials or services.

**Notify the Purchasing Department**

Emergency requests for purchases from commercial vendors or agencies should be brought to the Purchasing Department by messenger with an explanation of the reason for the emergency purchase. The Purchasing Division will solicit quotations by telephone, telegram or fax, if necessary; obtain the approval of the Division of Purchase and Contract, if required; and place the order. If the situation warrants, the Purchasing Division may assign a purchase order number to the transaction and authorize the requesting department to place the order by telephone and then submit the covering purchase requisition on a confirming basis.

**Rare Procedure**

This procedure will not be authorized except in those rare instances where it is impossible or impracticable for a department to bring a Purchase Requisition to the Purchasing Department prior to the placing of an order by the Purchasing Department.

**ELIZABETH CITY STATE UNIVERSITY**  
**Changes to Purchase Orders**

**Purchase Orders Are Binding**

When a Purchase Order is written to a vendor by the Purchasing Department in response to an offer by the vendor and is based on acceptable terms and conditions, it becomes a binding order and cannot be broken by either party so long as both parties live up to the terms and conditions of the agreement. To break or cancel the order requires the consent of the other party.

**Written Acceptance**

When a Purchase Order is written to a vendor but it is not in accordance with the terms and conditions which were previously offered by the vendor, it does not become a binding order until the Purchase Order is acknowledged and accepted by the vendor in writing.

**Penalty for Change**

Changes to Purchase Orders already accepted by vendors must be requested by the Purchasing Department. Most vendors are willing to make reasonable changes to an order without penalty to the purchaser. Generally, only when a vendor may have expended funds for fabricating special equipment will a charge be made for changing or canceling an order.

**Change Orders**

Purchasing must issue a Purchase Order change whenever it is necessary to make a change in any existing purchase order to a vendor. Changes that result in a purchase order change include any increase or decrease in the number of items ordered; cancellation, liquidation, account number change (prior to invoicing); additional encumbrances and returns.

**Do Not Liquidate An Encumbrance to Change A Purchase Order**

Encumbrance liquidation requests should not be used for changes to purchase orders. Any account number change required after an invoice has been entered into the computer system, even if the check has not been printed, must be done in the Accounting Office. These types of changes cannot be completed through the Purchasing system.

**ELIZABETH CITY STATE UNIVERSITY**  
**Avoiding Conflicts of Interest Policy**

**Policy Statement**

Elizabeth City State University's policy is *not to purchase* materials or services from State or University employees unless such a purchase is justified and approved by the Division of Purchase and Contract. In this way, ECSU attempts to protect its Purchasing Department and all other employees from becoming involved in a conflict of interest situation.

**Processing Requests**

A request to purchase materials or services from State or University personnel, or from companies in which any State or University employee may have a major interest, may be submitted in writing to the Division of Purchase and Contract, with a detailed justification supporting such a purchase request. All requests for services or materials as described above should be submitted to the ECSU Purchasing Department on a standard Purchase Requisition form with a justification memorandum attached. Similarly, if any instances are noted where this type of purchasing is done without Purchase & Contract approval, it will be reported to the Secretary of Administration for action as deemed appropriate.



**ELIZABETH CITY STATE UNIVERSITY**  
**Solicitation by Salesmen**

**Sales Agreements**

Since State policy requires that supplies and materials be obtained from State Term contracts or by competitive bidding (except for small order requests), solicitation of business by salesmen is of little value to the salesmen. For the university, only the Purchasing Department has the authority to enter into a sales agreement with any salesman.

**Salesmen Can Provide Information**

Salesmen are encouraged to visit departments, however, to keep the departments informed of new items being introduced and to assist departments by providing information on various technical aspects of the products.

**Goods On Consignment Are Not Permitted**

It is not permissible for a department to receive materials on consignment, pending issuance of a confirming purchase order. Receipt of equipment for demonstration purposes is permissible provided no obligation is made to the vendor to purchase the equipment.

**Expenses**

All insurance for the safety of equipment on demonstration must be borne by the vendor. Shipping charges, both to and from the university, are the vendor's responsibility.

**ELIZABETH CITY STATE UNIVERSITY**  
**Product and Service Demonstrations by Vendors**

**Obtain Clearance**

From time to time vendors request that they be allowed to demonstrate a new product line or a new service. The university does not prohibit this type of demonstration; but since space, either in a building or in a parking lot, must be provided, clearance must be obtained from the Office of Campus Police and the Chairman of the Department receiving the demonstration.

**Expenses**

The vendor will be responsible for all expenses incurred in the demonstration. The university will not accept any responsibility for the safety of the vendor's equipment beyond normal care and safety.

PLEASE SEE:

Policy 400.1.18: Evaluation of Equipment by Departments Purchasing  
Policy 400.1.15: Solicitation by Salesmen

**ELIZABETH CITY STATE UNIVERSITY**  
**Correspondence with Vendors**

**Purchasing Department**

Following the transmittal of a purchase order to a vendor, all correspondence, except expediting, in connection with the fulfillment of the order or contract is to be handled by the Purchasing Department.

**Changes to Purchase Orders**

“Terms and Conditions” on the back of the purchase order state that the “order is placed subject to shipment at prices, amounts and transportation rates not in excess of those indicated on the face of this order.” Additionally, the purchase order states that ECSU will not be responsible for goods or services in excess of the purchase order amount. In an effort to assure that the vendors and the University stay on solid ground, departments are encouraged to communicate with the Purchasing Department if a purchase order change is desired.

**Expediting**

To assist in expediting deliveries, departments are authorized to contact vendors concerning the status of orders in cases of emergencies and past-due deliveries. Care must be exercised that duplicate shipments are not made as a result of these inquiries. Copies of any correspondence should be sent to, the Purchasing Division for placement in the Purchase Order file.

**Changes in Terms**

It must be understood that in direct correspondence between department and vendor no terms and conditions of the order, including destination of shipment, can be changed; additional items cannot be added to the order nor can any part of the order be cancelled. Any changes in an issued Purchase Order must be made by the Purchasing Department and issued on a Purchase Order Change.

**Complaints to Vendors**

See Policy 400.1.36: “Complaints to Vendors”

**ELIZABETH CITY STATE UNIVERSITY**  
**Evaluation of Equipment by Departments**

**Request for Evaluation**

From time to time vendors may request a department evaluate equipment, without obligation to purchase. This type of request is more frequent in those departments where students may be using the equipment. In research situations where performance to very close tolerances must be evaluated, the department may request a demonstration model to evaluate at no obligation to the University.

**Loaned Equipment**

The university does not accept equipment from any vendor “on loan” except that which has been requested for demonstration purposes and which meets the agreement guidelines of this policy statement. Loan equipment may also be accepted when specified as part of the terms and conditions of a maintenance order or purchase order issued by the university.

**Agreement Guidelines**

When a vendor offers equipment for evaluation and the department is willing to have the equipment installed for evaluation purposes, the department should work out the agreement using the following basic guidelines:

1. Equipment must be adequately identified and described, giving model and serial numbers.
2. All freight charges are to be paid by the vendor.
3. Insurance, if any, is the responsibility of the vendor. The university assumes no liability for the equipment. The university may agree to exercise normal operational care and to avoid abuse of the equipment.
4. At the end of the evaluation period, the department will be responsible for crating material (to be furnished by vendor) and shipping collect by a carrier of the vendor's choice. The Central Receiving Service can provide help with this task. The vendor may choose to pack and ship the equipment.

5. The evaluation of equipment for a vendor does not give the vendor permission to use the name of the university in any advertisements.

### **Agreement in Writing**

After an agreement on the above five points has been reached in writing between the department and the vendor, the university department must submit a purchase requisition with the written agreement attached. Purchasing will review and process a “NO CHARGE” purchase order to the vendor along with terms and conditions.

### **No Obligation to Purchase**

The demonstration of equipment to a department or to an individual in no way obligates the University to purchase or lease the equipment or service. Any purchase requests issued as a result of demonstrations will be handled in accordance with the normal purchasing regulations of the University and State.

Please See: Policy 400.1.15: Solicitation by Salesmen

Policy 400.1.16: Product and Service Demonstrations by Vendors

**ELIZABETH CITY STATE UNIVERSITY**  
**Receiving Purchased Items**

**Check for Missing or Damaged Items**

When goods are received, the shipment must be signed for, and the order should be checked for missing items or damage. Notification of incompleteness or damaged material in an order delivered by Central Receiving should be given to Central Receiving (335-3460). If the materials were delivered directly from the vendor, any communication about missing items or damage is handled through the Purchasing Division. If damage is found, the container and packing material should be kept in the event an inspection is required.

**Restrictions**

It is contrary to State and university policy for Receiving Reports to be marked indicating receipt of ordered materials and to approve vendor invoices for payment before actual receipt of such billed material is received on campus. Disciplinary action will be taken against those found falsifying official University records.

**ELIZABETH CITY STATE UNIVERSITY**  
**Using Central Receiving**

**Central Receiving**

Since most buildings on the campus are not accessible by common carrier vehicles, the University has incorporated the central receiving concept as a very important part of the Purchasing Cycle. When a purchase order is issued to a vendor by the Purchasing Department, shipping instructions are given on the order. Vendors are generally instructed to deliver the material to Central Receiving located in the back of the University Stores Building on Hollowell Drive. (335-3460).

**Check – In**

As soon as a common carrier delivers materials to Central Receiving, the Central Receiving clerk compares the Gold Copy of the purchase order (the Receiving Report) to the items received and the Packing Slip. The Central Receiving clerk then prepares to deliver the items to the Requisitioning Department. Items received in Central Receiving are manually logged in by purchase order number and description.

**Delivery**

Delivery from Central Receiving to the requesting department is completed by university employees using University vehicles. When the Central Receiving clerk delivers the items, the requisitioner is required to sign the manual log signifying the items described were actually delivered.

**Direct Delivery**

The Purchasing Director may elect to have certain materials delivered directly to the requesting departments because of the nature of the materials or because of the quantity of the materials involved. In these cases, the common carrier is responsible for the materials until delivered to the requesting department's loading dock or office.

PLEASE SEE:

Policy 400.1.19: Receiving Purchased Items

**ELIZABETH CITY STATE UNIVERSITY**  
**Return of Merchandise to Vendors**

**Vendor's Permission**

No supplies or equipment should be returned to a vendor for any reason without obtaining the vendor's permission and shipping instructions.

**Permission for Shipping from the Purchasing Office**

Departments desiring to return materials to a vendor should notify the Purchasing Department explaining the reason for the desired return. The Purchasing Department will try to secure permission from the vendor for return of the materials and will obtain shipping instructions. The Purchasing Department will notify Central Receiving, and Central Receiving will pick up the materials from the returning department and ship them back to the vendor.

**Costs of Return**

The return of merchandise can be for a number of reasons: in-warranty or out-of warranty repairs, incorrect or defective materials, or over shipment. Financial responsibility for the costs of returns will depend on the reason for the return. Generally, when materials are returned as a result of an error by the vendor or because materials are defective, freight charges and other direct costs involved are the responsibility of the vendor; otherwise, the department for which the return is being made must bear the cost involved.

**Restocking Charge**

Most vendors will charge at least a 20% restocking charge when merchandise is returned as a result of an over-purchase or where the University erred in requesting the materials. If there is a restocking charge, the return of an item to a vendor is not economically feasible if the value of the item is less than \$20.



**ELIZABETH CITY STATE UNIVERSITY**  
**Contractual Services**

**Definition**

A general service contract is defined as any agreement in which an independent contractor performs services requiring specialized knowledge, experience, expertise, or similar capabilities for a state agency for compensation from state funds. The services may include (by way of illustration, not limitation) services such as maintenance of buildings or equipment, auditing, film production, employee training and food services, provided that the service is not primarily for review, analysis, evaluation, or advice in formulating or implementing improvements in programs or services (in which case consultant services procedures apply). Most services such as janitorial services and security services are considered “general services” contracting. General services contracts are subject to obtaining competitive quotations and bids as outlined in Policy 400.1.6.

**Rules Established by the NC Division of Purchase and Contract that ECSU Must Follow When Seeking to Obtain a Service Contract**

1. A Purchase Requisition and attached memo justifying the need for the service and confirming that funds are available for such purpose shall be on file with the ECSU Purchasing Department.
2. After completing justification for the service, (evident by the approved Purchase Requisition), ECSU’s Purchasing Department shall prepare a complete task description, outlining in detail the services required. Specifications for all services expected to cost over \$2,500 must be issued in written form, via a Request for Proposal (RFP), Invitation for Bids (IFB), or Request for Quotation (RFQ).
3. Before seeking services from the private sector, the Purchasing Department and the Requisitioning Department shall investigate sources within state government, the State University system, and the Department of Community Colleges which may be able to provide the services. If it is determined that such resources are not available, the requirements can then be publicized to the private sector.
4. Certain categories of services (e.g., informational processing, auditing) require review and approval of the state agency (ies) responsible for related services for the state. Such review serves two purposes: 1) To determine whether the resources to perform the service already exist within state government and need not be duplicated; and 2) To ensure that specifications are appropriate. The NC Division of Purchase and Contract will assist agencies in obtaining reviews as required.

5. After completing Steps 1 – 4 above, ECSU may then begin soliciting proposals, bids, or quotations from as many sources as possible. The agency should also develop an “active” mailing list for each type of service. Assistance in developing and maintaining mailing lists is provided by the NC Division of Purchase and Contract.
6. Depending on the nature of services required, a pre-proposal conference, site visit, or other provision for questions from potential offerers may be included in the specifications. Any changes or additions to the specifications shall be issued as a written addendum.
7. After all proposals are received, the ECSU Purchasing Department shall carefully analyze the proposals to ascertain compliance with the task description, qualifications, terms and conditions. Before an award is recommended, the Purchasing Department should make a determination through references, financial statements, etc., that the recommended contractor is capable of performing the work in a satisfactory manner. This evaluation shall be documented for the procurement file. For contracts under the amount delegated to the agencies by statute (*\$35,000*), the Purchasing Department shall make the award and prepare a contract incorporating the Request for Proposal specifications, the contractor’s response, and ECSU’s standard terms and conditions.
8. For contracts over \$ 35,000, the ECSU Purchasing Department shall submit to the NC Division of Purchase and Contract a complete package documenting the procurement activity. This (*package*) shall contain, at a minimum, the justification memorandum, the RFP (Request for Proposal) as issued, a copy of the mailing list, any addenda, copies of all proposals received, the proposal evaluation, and a recommendation for award. Please note that the threshold requiring review by Purchase and Contract is determined by the total cost for the initial contract period, excluding any renewal options for additional time periods. Any such renewal option(s) must be detailed in the RFP and resulting tract, including possible price adjustments for renewal periods (based on indicators like the Consumer Price Index-CP1).
9. All agencies of the state shall make every effort to eliminate “sole source contracts” whenever possible. ECSU shall contact the NC Division of Purchase and Contract before initiating a sole source contract to ascertain whether other prospective contractors may be available. If a sole source contract is then judged to be the only feasible source of the services, a memorandum of justification and recommendation shall be submitted to the Division for review and approval prior to pursuing a contract.
10. ECSU must ensure that they do not enter into any service agreements without a legal contract signed by all pertinent parties. In no way should a party perform services for the

university without a copy of a signed contract regarding his/her services to be performed for ECSU in exchange for payment from ECSU.

11. Prior to ECSU's Chancellor signing any contractual agreements over \$5,000, the agreement will be reviewed by ECSU's Legal Counsel.
12. After the contract is signed and/or a purchase order is issued, the complete procurement file (with the exception of proprietary or confidential information) is available for public inspection.

### **Confidentiality**

All information and documentation relative to the development of a contractual document (Request for Quotes, Request for Proposals, Waiver of Competition, Negotiation, etc.) for a proposed procurement or contract shall be deemed confidential in nature, except as deemed necessary by the purchase to develop a complete contractual document. Such material shall remain confidential until the award of contract.

This includes all information and documentation relative to the development of a specification until the adoption of that specification or an award of contract if developed for a specific procurement or contract, which ever is later.

During the period of evaluating offers and prior to the award, possession of offers and accompanying information shall be limited to those in using agencies who are responsible for participating in the evaluation and to persons in the North Carolina Division of Purchase and Contract. After award of the contract, the complete file shall be available to any interested person with the exception of trade secrets, subject to the following Rules:

- 1) To promote maximum competition and to protect the public competitive procedure from being used to obtain information which would normally not be available otherwise, agencies may maintain the confidentiality of certain types of information. Such information includes trade secrets, as determined by North Carolina law, and like information as the State Purchasing Officer may determine to insure the integrity of the public purchasing process. Trade secrets which the offeror does not wish disclosed shall be identified as follows: Each page shall be identified in boldface at the top and bottom as "CONFIDENTIAL". Cost information shall not be confidential.
- 2) Certain award information, as determined by the North Carolina State Purchasing Officer, may be deemed confidential due to the nature of the purchase (Example: law enforcement surveillance equipment.)

**Notice of Award** After contracts are awarded, ECSU will notify all successful companies in writing or electronically.

**ELIZABETH CITY STATE UNIVERSITY**  
**Consultant Services**

**Definition**

A consultant service is work or task(s) performed by state employees or independent contractors processing specialized knowledge, experience, expertise and professional qualifications to investigate assigned problems or projects and to provide counsel, review, analysis or advice in formulating or implementing improvements in programs or services. This includes but is not limited to the organization, planning, directing, control, evaluation, and operation of a program, agency, or department. Consultant services may only be acquired in accordance with the requirements of North Carolina law.

**Applicability of State Rules**

- (1) The concept or need for a consultant service must be approved by the Governor or his/her designee prior to issuing a Request for Proposals (RFP) or seeking approval for a sole-source contract. This rule includes ECSU seeking legal counsel. The request for approval of the concept/need for a consultant services must include an endorsement from ECSU's Chancellor. This package shall be sent to the NC Division of Purchase and Contract for review and forwarding to the Governor's Office.
- (2) Before receiving authorization to seek consultant services, ECSU must submit written justification for its request for consultant services to the NC Div of Purchase and Contract.
- (3) Whenever possible, consultant services shall be obtained from other State agencies when the services available from other agencies substantially meet the reasonable specifications of the ECSU.
- (4) After approval of the concept/need is received, the NC Division of Purchase and Contract must review and approve the RFP before it is issued.
- (5) If ECSU receives approval to solicit proposals for consultant services, ECSU shall proceed in accordance with the requirements of the North Carolina Division of Purchase and Contract.

**ELIZABETH CITY STATE UNIVERSITY**  
**Purchases for Persons with Disabilities**

**Special Provisions for Disabled Persons**

ECSU shall make special provisions for the purchase of goods and services, which provisions are necessary to meet the documented training, work, or independent living need of persons with disabilities according to the requirements of the Rehabilitation Act of 1973, as amended, and the Americans with Disabilities Act, as amended. These special provisions shall provide for the following:

- (1) the involvement of the individual in the choice of particular goods, service providers, and in the methods used to provide the goods and services;
- (2) the flexibility necessary to meet those varying needs of individuals that are related to their disabilities;
- (3) the purchase outside of certified sources of supply and the waiving of competition when a single source can provide multiple pieces of equipment, including adaptive equipment, that are more compatible with each other than they would be if they were purchased from multiple vendors;
- (4) give priority consideration to suppliers offering the earliest possible delivery date of goods or services especially when a time factor is crucial to the individual's ability to secure a job, and/or avoid residential placement in an institutional setting;
- (5) and, consider the convenience of the provider's location for the individual with the disability.

The following criteria shall also be considered:

- (1) cost effectiveness;
- (2) quality;
- (3) the provider's general reputation and performance capabilities;
- (4) substantial conformity with specifications and other conditions set forth for these purchases;
- (5) the suitability of the goods or services for the intended use;
- (6) the personal or other related services needed;

- (7) transportation charges;
- (8) and other factors pertinent to the purchase.

### **Special Considerations**

Where articles are to be used for educational or training purposes by handicapped persons, or for test and evaluation or research purposes, special or overriding consideration may be given to the factor of suitability in the preparation of specifications, the evaluation of offers, for waiver of competition, and the award of contracts.

**ELIZABETH CITY STATE UNIVERSITY**  
**Purchases from Nonprofit Work Centers for the Blind and the Severely Disabled**

**Competition May Be Waived**

ECSU may purchase goods and services directly from a non-profit work center for the blind and severely disabled as long as,

- (1) the purchase of goods does not exceed our general delegation of \$35,000, and
- (2) the goods and services are not available under a statewide term contract, and
- (3) the goods and services must be of suitable price and quality, as determined by ECSU User Departments and the ECSU Purchasing Department.

Competition is not required when making a purchase from a nonprofit work center for the blind and severely disabled. Nonprofit work centers for the blind and severely disabled may still submit offers for contracts.



**ELIZABETH CITY STATE UNIVERSITY**  
**Required Purchasing Preferences**

**Department of Correction Products**

Elizabeth City State University shall give preference to Department of Correction's products in accordance with G.S. 148-70, all departments, institutions, and agencies of this State shall give preference to the Department of Correction's products in purchasing articles, products, and commodities which these departments, institutions, and agencies required and which are manufactured or produced within the State Prison System and offered for sale to them by the Department of Correction. This preference requirement also applies to all community colleges (except printing) and local school administrative units (except food and supplies for school food services and printing).

Products available from the private sector, including those on term contracts, shall be purchased only when it is determined that the Correction Enterprises product will not satisfy the requirement or will not be available when needed. Correction Enterprises is required to keep the price of products substantially in accord with that paid by governmental agencies for similar products of equivalent quality.

Correction Enterprises has a catalog available upon request entitled, "Product Information and Price List", which includes the products available and costs. Availability of the products will vary by product and season, therefore, it is recommended that you contact Correction Enterprises to determine if the product is available within the time frame needed.

(Statewide Toll Free Number (800) 241-0124; Raleigh Number (919) 662-4400; Fax Number (919) 662-4409).

**North Carolina Products**

Where quality and availability allow, specifications are to be based on products grown or manufactured in North Carolina. This special interest in North Carolina products is intended to encourage and promote their use, but is not exercised to the exclusion of other products or to prevent fair and open competition.

**ELIZABETH CITY STATE UNIVERSITY**  
**Conditional Purchases**

**Grants which are Predicated by a Purchase from the Grantor**

When ECSU receives a grant, donation, or special discount based upon making a purchase, the proposed transaction shall be explained in writing and shall from the Grantor have prior approval of the NC State Purchasing Officer. Prior to approval, the NC State Purchasing Officer shall consider the conditions placed on the grant, donation, or special discount, and how they will affect the agency and the State, the cost of agreeing to such conditions, and the market conditions.

**Donations from Private Sources**

When a donation from a private source is predicated upon making the purchase or lease from a specific source, the purchase or lease may be made without prior approval of the NC State Purchasing Officer or Secretary. This only applies if the donations from the private source covers 100% of the purchase price.

**ELIZABETH CITY STATE UNIVERSITY**  
**Printing**

**ECSU can Handle Jobs Up to \$10,000**

The State has delegated to ECSU the authority to handle printing contracts up to \$10,000. All printing contracts over this dollar limit shall be handled by the NC Division of Purchase and Contract. However, ECSU may send work directly to the Department of Corrections.

**If the NC Div of P&C Handles Job**

Requisitions must be sent to the NC Division of Purchase and Contract for all jobs which they handle—anything over \$10,000. Requisitions should be submitted to the NC Division of Purchase and Contract or to the Department of Correction well in advance of actual need.

**For Printing Only Jobs < \$500 are Small Purchases**

Expenditures up to \$2,500 are considered small purchases for printing purposes only. However, G.S. 148-70 does require the use of the Department of Correction will be used if it is capable of satisfying the printing requirement.

**Requirements for All Jobs Handled at ECSU**

All printing contracts handled by the University over \$2,500, which cannot be satisfied by the Department of Correction in accordance with G.S. 148-70, shall be handled as follows:

- (1) Competition must be solicited, where available; and
- (2) All transactions shall be documented. This includes a record of all quotes received, written and verbal, and written reason for award to other than low quote. Written reasons for waiver, emergency and pressing need transactions shall also be a matter of record; and
- (3) All purchasing files must be retained for a period of five years after expiration. This includes purchase orders, quotes (verbal and written), waivers, emergency and pressing need transactions. All supporting documentation must be kept in the file during this retention period (Examples: all quotes received, reason for contracting with other than low quote or with sole source as a waiver or-an-emergency or pressing need, copy of purchase order and any correspondence; and

(4) In addition, for printing contracts over \$5,000 but still within the limit for universities and institutions, the guidelines below shall be followed:

- (a) Solicitation documents shall be issued by the Purchasing Department. This shall also apply to a waiver, emergency, or pressing need, if time permits; and
- (b) The solicitation documents sent out shall include terms and conditions applicable to the requirement.

The award of contracts within the \$10,000 limit shall be the responsibility of the Chancellor.

**ELIZABETH CITY STATE UNIVERSITY**  
**Historically Underutilized Business Program (HUB)**

**HUB Purchases**

The Minority, Women and Disabled Business Enterprise Goals Program was established to encourage increased participation by these groups in the State's procurement process. The program name changed from the Small Business Program to the historically underutilized business program (HUB) to better reflect the intent of this statewide program. ECSU shall report the amount of purchases made through these identified HUB's (women, minority, and disabled owned business, disabled business enterprises, and non-profit workshops for the blind and severely disabled) to the NC Division of Purchase and Contract.

## **ELIZABETH CITY STATE UNIVERSITY Obtaining Federal Surplus Property**

### **General**

NC Division of Purchase and Contract operates a Federal Surplus Property Office in Raleigh for use by State agencies in obtaining Federal Surplus Property. The warehouse is located at 1950 Old Garner Road. Federal Surplus Property is available to the University for a nominal service charge which is commensurate with its costs on all donated Federal Surplus Property. Delivery Costs will be billed as part of the service charge. No Cash Transactions are handled. All charges must be handled by checks drawn on ECSU. A wide assortment of supplies and equipment is regularly available, with many items having a definite and immediate application to the needs of university departments.

### **Eligibility**

Federal surplus property is available to eligible organizations and is distributed on a fair and equitable basis with a reasonable time being given to allow for acceptance. The foremost and overriding objective of the State agency is to provide fair and equitable distribution of surplus property available to all eligible participants. To accomplish this objective, principal consideration will be given to written request showing relative needs, relative resources, and relative ability to fully utilize available property. If you are interested in applying for federal surplus, please contact the ECSU Purchasing Office to obtain a list of criteria considered in determining eligibility.

### **Authorization**

Authorization to use the surplus facility is obtained from the ECSU Purchasing Department which prepares an agreement which the using department and budget officer must sign.

### **Special Permission**

Only those items which have a known value to a department and which have an immediate application should be purchased. Motor vehicles and office machines may be acquired only with special permission from the requisitioning Department Head, the Budget Officer and the Director of Purchasing.

**Utilization**

The State Agency shall effect utilization reviews for compliance by donees with the terms, conditions, reservations and restrictions imposed by the Federal and State Government for any item of property having a unit cost of five thousand (\$5,000) or more and any passenger motor vehicle.

**ELIZABETH CITY STATE UNIVERSITY**  
**University Surplus Property**

**Inventory Control**

Decals are not to be removed from controlled equipment when they are removed from an office. Please complete the Change in Disposition form, sign it, and send it to the Purchasing Department to be authorized by the Fixed Assets Officer. Request a copy of the completed form, with the Fixed Assets Officer's signature, for your files.

**Radioactivity Decontamination**

No tool, instrument, vessel, storage cabinet, refrigerator, etc., used with radioactive materials may be moved to another department or the Surplus Property Warehouse, or considered for trade-in, until it has been fully decontaminated and cleared by the ECSU Safety Officer.

**Fixed Assets Officer**

The Fixed Assets Officer is authorized to dispose of or transfer obsolete and surplus University property. Departments having surplus property should contact the Fixed Assets Officer for disposal instructions.

**Surplus Property Warehouse**

University departments may contact the Fixed Assets Officer to determine the best way of disposing of surplus items. Either the Fixed Assets Officer will have someone pick up the item(s) or, the Fixed Assets Officer will meet you at the warehouse to drop off your surplus item(s). Please be sure to retain a receipt for the items transferred to Surplus Property with your signed copy of the Change in Disposition Form. The warehouse is located in the back garage of the fenced-in area of the Thomas – Jenkins Building.

**Direct Transfer**

Property which is surplus to one department may be transferred directly to another department (omitting transfer to the Surplus Property Warehouse). Any item bearing an ECSU decal number is on record in the Fixed Assets Office. Each Department assigned assets should receive a semi-annual statement listing all assets assigned to them and the assets related acquisition costs. Office machines are also recorded on an inventory list maintained by Purchasing Department. Although items may be transferred instead of taking them to the Surplus Warehouse, "Change in Disposition Forms" must be



on file and approved in the Fixed Assets Office indicating a transfer of the surplus property from one department to another.

### **Review Of Fixed Assets Statements**

Additionally, semi-annual fixed assets statements must be checked to assure that the items removed from an office and transferred to Surplus Property are no longer assigned to a department. If an item is on a semi-annual fixed assets statement after the item has been removed from an office, please contact the Fixed Assets Officer.

### **Higher Value as Trade-In**

Some used equipment (such as office machines and scientific equipment) has a trade-in value higher than its resale value on the purchase of new equipment of the same type. When used equipment is to be traded in, identify it on a Purchase Requisition by model number, serial number, description, and ECSU Decal Number, if present. A vendor may not remove equipment prior to authorization from the ECSU Purchasing Department. The ECSU Fixed Assets Officer should contact the NC Division of Purchase and Contract for guidance prior to committing to a trade-in.

### **Department Acquisition**

University departments may acquire equipment turned in to the North Carolina Division of Purchase and Contract Surplus Property Office. Departments interested in items on the list should contact the Purchasing Department.

### **State Owned Property**

All sales of State-owned surplus equipment (generally on a sealed bid basis, to the general public) are handled by the North Carolina Department of Administration, Purchase and Contract Division. The Materials Management and Distribution Division requests the State Purchase and Contract Division to dispose of any property which becomes surplus to the University.

### **Inspect and Reserve Items**

Departments interested in Surplus Property items should have someone inspect the material to be sure it is suitable for their needs. Since the sale is on a first-come, first-served *no return* basis, the Director of the Purchasing Department should be advised of interest and asked to hold the desired items until arrangements are made for transportation. Transportation cost, if any, will be charged to the department to which a transfer is made.

### **First Priority to Other State Agencies**

In the disposition of State surplus property, the State Surplus Property Office gives first priority to transfer to other agencies of the State. Second Priority is given to transfer political subdivisions and qualified non-profit organizations within the State.

### **Public Sales**

When not transferred, State Surplus property is generally offered for public sale, usually by sealed bid, with public advertisement of the sale at least seven days in advance of the opening bids.

State Surplus Sales and Transfers are First Come First Served

### **Monthly Billing**

At the end of each month, the Director of the Purchasing Department submits an invoice to the University Accounting Department for all transfers made during the previous month. The Purchasing Department distributes departmental file copies of the invoice and supporting delivery or charge tickets.

**ELIZABETH CITY STATE UNIVERSITY**  
**Buying Used Equipment**

**General**

Although it is generally considered to be in the best interest of the University to purchase only new equipment, used equipment may be procured in special cases where it is determined to be most advantageous for the intended purpose. Departments should research new equipment prices, seek out multiple sources and quotes for the used equipment, and compare warranty provisions with that of new equipment before proposing such an acquisition.

**Approval**

When a department has a special need for a particular used item, the proposed rationale for the purchase should be discussed with the Director of Purchasing. A purchase requisition should then be submitted, including in the description block: the model number, serial number, condition, age, current new acquisition costs, proposed used cost, and warranty information. The requisition must be accompanied by a signed justification memorandum detailing the rationale which supports the purchase.

**Competitive Purchases**

Based upon the rationale for the purchase, the market for the specified equipment, and the availability of multiple sources, the University Purchasing Department will determine whether the purchase can be approved as a single source purchase or whether it must be competed among multiple sources. In cases where demonstrator equipment is offered at reduced prices under “new” warranty conditions, other known vendors must be offered an opportunity to quote on similar equipment.

PLEASE SEE:

Policy 400.1.30: Obtaining Federal Surplus Property

Policy 400.1.31: University Surplus Property

**ELIZABETH CITY STATE UNIVERSITY**  
**Rental and Lease Equipmentnt**

**General**

In industry, renting and leasing, rather than purchasing, expensive equipment is a common practice. The State does not generally lease or rent equipment, although there is no specific rule prohibiting this practice. If equipment is to be required on a continuing basis, it is generally more economical to purchase it.

**Rental/Lease Agreements**

It may be desirable to rent equipment for a short duration for a specific requirement. Rental agreements are similar to lease agreements, except that rental agreements are normally for an indefinite period and can be terminated by the renter after giving notice, usually thirty days, in advance. The initial cost of some equipment, such as computers, is so great that when this type of equipment is required, it may be more economical to rent on a continuing but indefinite basis. Also, new, updated versions of this type of equipment are constantly placed on the market, making it unwise to invest large sums in equipment which may soon be obsolete. Rental and lease contracts do not include any intent for ownership.

**Rental Lease Agreements for Commodities**

Contracts for the rental or lease of commodities shall be handled under the same Rules applying to the outright purchase of commodities.

**Lease/Purchase Agreements**

Lease/Purchase agreements (installment buying agreements) are entered into with the intent of ownership by the State/Agency. Lease/Purchase agreements are for a definite period of time, usually one to three years, and cannot be cancelled without significant financial penalties.

The same Rules applying to outright purchases shall be applied for lease-purchases.

**Requisitions**

Departmental Rental/Lease or Lease/Purchase requests should be submitted to the Purchasing Department on a Purchasing Requisition with a memorandum justifying the need for renting/leasing or installment buying rather than an outright purchase, a copy of the agreement, and any other available communication concerning the request.

**ELIZABETH CITY STATE UNIVERSITY**  
**Delayed Receiving/Payment for Special Acceptance Considerations**

**General Considerations**

It is occasionally in the best interest of the university and the State to delay prompt payment of outstanding invoices. These situations typically involve larger dollar amount procurements where final receiving and approval for payment, i.e., “contractual acceptance”, is contingent upon satisfactory delivery and installation by the vendor.

**Departmental Authorization**

Final approval and acceptance of these types of orders will be authorized by the requesting department using criteria which have been predetermined and agreed to by the vendor, the end user, and the ECSU Purchasing Department.

**Departmental Contract**

Once criteria have been established, the requesting department must designate a contact person who is responsible for the final acceptance of the order. This person must request that the Purchasing Department place a “ withhold payment flag” on the purchase order when it is issued and remove the flag once all receiving criteria have been met. The flag will prevent final payment of invoices posted against the order until the department contact requests removal.

**Examples of Use**

This procedure should not be used when ordering any of the following:

- a. Term contract items
- b. Standing or Maintenance Orders
- c. Catalog, stock, or off the shelf items
- d. Regular items below \$5,000.

Some representative examples of procurements in which a withhold payment flag may be useful are:

- a. Specialized or customized scientific equipment such as Lasers or. Electron Microscopes that require extensive installation, set up, and calibration which must be performed by factory trained and authorized representatives to protect warranty considerations.

- b. Modification to facilities or renovation projects, such as new carpet installation.

**ELIZABETH CITY STATE UNIVERSITY**  
**Miscellaneous Purchases**  
**(Subscriptions and Periodicals, Draperies/Window Treatments,**  
**Decorations, Flowers and Greeting Cards)**

1. **Preamble**

In an effort to facilitate the purchase of Subscriptions and Periodicals, Draperies and Window Treatments, Decorations, Flowers and greeting Cards Elizabeth City State University (ECSU) provides specific policies that must be followed.

2. **Participation**

- a. All university departments and Sponsored Activities when approved by sponsoring/granting agency.

3. **Subscriptions and Periodicals**

- a. All subscription purchases from university-administered funds must be mailed to a University business address. (Please see: Policy 400.1.23: Contractual Services)

4. **Draperies and Window Treatments**

- a. **Fund Source**-Draperies and window treatments needed for acoustical and/or light purposes may be charged to State Funds. Draperies and window treatments to be used primarily for aesthetic purposes may not be charged to State Funds.
- b. **Approval**-The purchase of draperies and window treatments is subject to the approval of Facilities Management's Planning Area, which will give advice on the best fabric and types of installation.
- c. **Maintenance Responsibility**-Maintenance and replacement of draperies and window treatments are the responsibility of the requesting department.
- d. **Assistance**-For more information contact Facilities Management.

5. **Flowers**

- a. Cut flowers, flower arrangements, and live or artificial flowers and shrub planters desired for aesthetic value for activities which serve the public image of the University may be purchased from State appropriated funds or trust funds. Purchases of flower arrangements in other cases may only be made against trust funds.

6. **Decorations and Greetings Cards**

- a. Christmas decorations or other seasonal decorations may not be charged to State funds. Unless a department has trust funds, which may be authorized for such uses, decorations and greeting cards are the responsibility of the individual making or authorizing the purchase.

7. **Other Decorations**

- a. State funds may not be used for the purchase of items having aesthetic value only, such as pictures, wall hangings, decorative lamps and other decorations.



**ELIZABETH CITY STATE UNIVERSITY**  
**Complaints to Vendors**

When a vendor is not living up to the terms and conditions of a particular purchase order or a vendor's product does not meet the specified standards and warranty provisions, the vendor should be notified as soon as possible. Efforts should be made to work directly with the vendor to resolve such issues. Records of such efforts and the vendor's response should be maintained in the event that a formal complaint is required. If a problem remains unresolved, the Purchasing Department should be notified in writing of the details. The Purchasing Director should be contacted for assistance in informal efforts to resolve problems with vendors or for information concerning contractual obligations for a specific product or service.

If problems continue to exist without resolution, the Purchasing Department can file a formal complaint with the vendor through the NC Division of Purchase and Contract.

**ELIZABETH CITY STATE UNIVERSITY**  
**Maintenance and Service Contracts**

**Maintenance Service Contracts**

For some types of equipment, such as specialized scientific apparatus, it is often most economical to arrange for a service or maintenance contract with the manufacturer or service agency. The costs of service on this equipment must be borne by the using department and usually involves a service call charge, labor, and parts charges each time repair or maintenance is required. While parts and supplies are usually not covered in the service contract, the savings on service calls and labor charges can make the lump sum payment for a service contract very reasonable. Maintenance Service contracts can also be established for computer software and electronic on-line data subscriptions. The initial purchase of software often requires the establishment of a software “license” which usually includes a written agreement.

**Purchase Requisitions Renewals**

A service or maintenance contract is initiated by submitting a Purchase Requisition to the Purchasing Department. Expendable parts are not usually covered under a maintenance agreement, and a separate confirming Purchase Requisition must be issued and submitted to the Purchasing Department for charges not covered by a contract. The continuation of established maintenance service contracts to subsequent years may be accomplished by submitting a new requisition to the Purchasing Department 60 days prior to the expiration of an existing contract. Each renewal requisition must clearly make reference to the existing purchase order number established for the original agreement/contract. A new written agreement need not be included with the requisition if the previous written agreement on file in the Purchasing Department has been subject to legal review and has not been changed by the vendor. When the written agreement is included with the requisition, it must be signed by the department before it is sent to the Purchasing Department.

**Legal Review**

All written contracts/agreements in excess of \$5,000 must be reviewed by the University’s legal counsel prior to the issuance of a purchase order. Upon any subsequent renewal of a maintenance service contract, legal review of the written agreement is not required unless changes were made to the agreement by the vendor.

**Contract Term**

Maintenance Service contracts can be established for a period of twelve months or less. Contracts may be renewed at the end of an initial contract period.

**Purchasing Authority**

All contracts are subject to the University's applicable delegation of \$35,000. Any agreements exceeding \$35,000 must be routed to the State Division of Purchase and Contract for approval by the Board of Award.

**Competition**

Usually, maintenance service for equipment or software is purchased from the original manufacturer or supplier. If the user wants to contract for maintenance or service from a vendor other than the original manufacturer or supplier, competition for the service is encouraged, unless a case for single source (other than the original manufacturer or supplier) acquisition can be justified in writing and approved by the appropriate purchasing authority.

**Service Requests**

Once equipment is covered by a maintenance contract, service may be requested by the using department directly from the manufacturer or service agency.

**ELIZABETH CITY STATE UNIVERSITY**  
**Ethyl Alcohol Regulations**

**Permitted Uses**

The procurement and use of tax-free ethyl alcohol is authorized by a special permit granted to the university by the U.S. Treasury Department, Internal Revenue Service. The permit outlines the authorized uses in the following manner:

1. Preserving specimen of anatomy, biology, and natural history;
2. General reagent work in chemical laboratories;
3. Research and laboratory work in research laboratories;
4. Patient care and laboratory uses incidental to the care of patients at the Infirmary.

**Handling**

The handling of tax-free alcohol is controlled as to use as follow:

1. Tax-free alcohol must never be sold.
2. Tax-free alcohol must be used on the premises named in the permit (Elizabeth City State University).
3. Tax-free alcohol must never be used in the manufacture of food flavors, flavoring extract, food products, or beverages.
4. Tax-free alcohol cannot be loaned to another person or institution, even if such person or institution is also authorized to use tax-free alcohol.
5. Tax-free alcohol cannot be sold or issued to doctors for use in private practice even if these services are performed in the infirmary.
6. Research laboratories authorized to use tax-free alcohol in pure research must discontinue using tax-free alcohol when the research program is completed or discontinued.
7. Tax-free alcohol must not be used as a cleaning agent in repair work and machine shops.

**Audits**

The Director of Purchasing is designated by the Board of Trustees as the curator of all tax-free ethyl alcohol used at Elizabeth City State University. All alcohol releases should be checked at least annually by federal auditors for strict compliance to the permit as well as for quantities used. The auditors not only check the issuance records to ascertain correctness but may also check the supplies of the using department.

**Careful Storage**

Ethyl alcohol is requisitioned to purchase orders. The regulations state that we release only the quantity that is expected to be used over a short duration of time. Any unused alcohol should be secured so that only authorized persons will have access.

**ELIZABETH CITY STATE UNIVERSITY**  
**Purchase of Radiation Producing Equipment**

**General**

Various types of equipment produce radiation by design or incidental to the primary purpose of the device. Design and performance standards have been imposed on manufacturers through the “Radiation Control for Health and Safety Act,” administered by the Center for Devices and Radiological Health, FDA, U.S. Department of Health and Human Services. The purpose of the Act is to protect the public from unnecessary exposure to radiation from “electronic product radiation.” The Act applies to products which emit x-rays, ultraviolet, infrared or microwave radiation, and to lasers and ultrasonic equipment.

**Surveillance**

Because the degree of hazard is dependent on method or location of installation and in some cases, may change with the age of the equipment, the Safety Office reviews Purchase Requisitions for radiation-producing equipment to insure proper installation and periodic surveillance.

**Placing an Order**

Purchase requisitions for radiation producing equipment should be sent directly to the Safety Office. The Safety Office will review the purchase requisitions, noting the location where the equipment is to be installed, and will determine if shielding or other special requirements are necessary. A brief description of how the equipment will be used and any special safety precautions or operating procedures will help in expediting the review.

**Equipment Installation**

Radiation producing equipment must be installed by the vendor or other qualified persons; in some cases these installers must be registered with the State Radiation Protection Agency. The using department should notify the Safety Office on arrival of the equipment so that appropriate surveys and reports required by State and Federal agencies can be completed. The Safety Office will review operating procedures before use.

**Periodic Reviews**

The Safety Office will make periodic surveys of equipment as appropriate.

**Assistance**

For assistance or information concerning radiation-producing equipment, call the Safety Office at 335-3549.

**ELIZABETH CITY STATE UNIVERSITY**  
**Purchase of Office, Lounge and Institutional Furniture**

**State Contracts**

The State maintains contracts for almost all types of furniture required for offices and lounge areas, and university requirements must generally be met from these contracts.

**Purchase Authorizations**

Adding or replacing furniture requires the submission of a completed purchase requisition to the Purchasing Department.

**Lead Time**

It requires approximately 60 days to affect delivery after placing an order for furniture. Therefore, furniture needs should be anticipated as far in advance as possible.

**Assembly**

Facilities Management should be contacted for assistance in assembling furniture.

**Warranties**

Departments should keep good records of purchase orders for furniture, particularly those involving term contracts. Some of these items have warranties up to ten years, but in order to be valid, the respective purchase order must be presented.



**ELIZABETH CITY STATE UNIVERSITY**  
**Meals and Lodging for Guests**

**Guests**

Persons who are invited to the university to participate in a program sponsored by a department, or for other approved reasons, may be provided meals and lodging paid for by the sponsoring department, as long as a stipend is not being received by the invitee in which these expenses are included. Departments should be sure, in advance, that funds are allocated for paying such expenses.

**Other Costs**

On occasions when a guest is accompanied by a representative of the host department, the cost of the representative's meals also may be borne by the department. Charges for alcoholic beverages are not permitted against State funds.

**Requests for Payment**

Upon request, the university dining hall or lodging facility will bill a department for services provided to guests rather than requiring payment in cash. Requests for payment should be made by using the Check Request form. The Check Request form should be accompanied by a copy of the invoice or bill. A brief description or explanation of the charges should be written on the Check Request form.

**Purchase Requisition**

When university facilities are unavailable to guests, it is permissible to utilize commercial eating and/or lodging establishments on a charge basis. To cover charges of such nature, a purchase requisition must be prepared and submitted to the Purchasing Department, giving a brief explanation of the event.

**ELIZABETH CITY STATE UNIVERSITY**  
**Trade-In Allowances**

**General**

Trading-in used property for credit against the purchase of a new item often times provides a greater financial return to the state than selling such items through Surplus Property. While state regulations address trade-ins as “replacements” for like items, dissimilar items—e.g. a piano for a harp—may be used as trade-ins if the requisitioning department can document that such a transaction would provide more value to the state than selling the item(s) through surplus.

**Authorization**

The NC State Surplus Property Officer or State Auxiliary Services Director must approve each trade-in of used property.

**Required Documentation**

In order to support the approval request, the department must submit a purchase requisition along with a description of the item to be traded-in. This description should include the make, model, original acquisition date, original costs, ECSU decal number, serial number, and original purchase order number (if available). If the item to be traded-in is not a “replacement” or like item, the department must attach a signed justification letter stating the reasons why the department believes that a trade-in would result in greater financial return to the state than a sale through surplus.

**Acquisition Process**

The appropriate purchasing procedure for a trade-in is based upon the acquisition value of the new equipment (without the trade-in credit). Because the transaction requires the State Property Officer’s approval, no trade-ins can be done under the small order procedure. If the acquisition value requires obtaining competitive quotes/bids, the Purchasing Department will see quotes/bids both with, and without, the application of the trade-in allowance. This will give you the flexibility to purchase without a trade-in, should you or the State Surplus Property Officer determine that the trade-in allowance offered is insufficient for the item(s) involved.

Please See: Policy 400.1.31: University Surplus Property

**ELIZABETH CITY STATE UNIVERSITY**  
**Repair of In-Warranty Equipment**

**Manufacturer Warranty**

Most equipment is warranted by the manufacturer for a period of time against faulty parts or workmanship. Such equipment is generally supplied with a warranty card which is to be completed by the requisitioning department and returned to the manufacturer as soon as the equipment is received. Unless this warranty card is returned promptly, some manufacturers will not recognize their liability for the repair or replacement of the equipment.

**Warranty Service**

A request for in-warranty service for all types of equipment should be submitted to the Purchasing Office on a purchase requisition.

**Warranty Period**

Most office machines and micro-computers carry a one year warranty. Some warranties are on site and others are taken care of by being returned to the vendor. Computer equipment that is not purchased on state contract usually has a 90 day warranty. Copiers also usually carry a 90 day warranty.

**Routine Maintenance**

If routine maintenance (service needs that are not normally covered by warranty) will be required for equipment while under warranty, the possibility of a service contract should be discussed with the vendor's representative. A purchase requisition for this type of service should be submitted to the Purchasing Department as soon as the equipment is installed.

**ELIZABETH CITY STATE UNIVERSITY**  
**Repair of Out-of-Warranty Equipment**

**Service Calls**

Request for out-of-warranty service to be performed and not covered by a maintenance contract must be made by a purchase requisition submitted for approval, to the Purchasing Department. If the needed repair is an emergency, the Purchasing Department may assign a purchase order number to the telephoned service request and authorize the requesting Department to contact the service agency before a confirming purchase requisition is submitted to the Purchasing Department.

**Return for Service**

A department with out-of-warranty equipment which must be returned to the manufacturer or supplier for repair must send a purchase requisition to the Purchasing Department describing the nature of the repair and indicating the name of the supplier and the purchase order number from the original purchase, if available. The department will also furnish shipping instructions and an estimated cost from the vendor.

**Shipping**

The equipment to be returned for service will be picked up by Central Receiving and returned to the company in accordance with the shipping instructions. Central Receiving will charge UPS shipping charges to the requesting department using the account number appearing on the purchase requisition which authorized the repair. The Central Receiving Clerk will forward these charges to the State Funds Accountant on a weekly basis. Incoming freight charges will be paid by the company and added to the repair invoice.

Please see: Policy 400.1.377: Maintenance and Service Contracts

**ELIZABETH CITY STATE UNIVERSITY**  
**Foreign Source Purchases**

**Lead Time**

Estimated delivery times for international orders must take into consideration the time required to comply with U.S. & Foreign trade regulations, to transact business through U.S. & foreign customs agents, and to arrange for long distance shipment of goods.

**Customs and Tariff**

All goods shipped into the U.S. from other countries are subject to U.S. customs and tariff regulations.

**Special Approval and Licensing**

Certain incoming foreign products, such as agricultural products or drugs, may be subject to special approvals and/or licensing provisions. For such items, the using department must contact the appropriate federal agency (U.S. Department of Agriculture, Food & Drug Administration, etc.) to determine the required approval process. The U.S. Department of Commerce may also be contacted for assistance in determining which products require special approvals.

**Special Exemption from Customs Charges**

Items which can be documented as not available from U.S. suppliers can sometimes be exempted from customs charges. The department can request such exemption from the U.S. Department of Commerce (DOC) by submitting a completed DOC form ITA338P. The department must obtain approval from the Department of Commerce before submitting the purchase requisition form to the Purchasing Department. Because the exemption approval process can take up to 60 days or more, you should submit your application to the Department of Commerce as early as possible.

**Submitting Your Requisition**

Because of the need to use a customs broker to obtain goods from foreign sources, the small order procedure cannot be used even when goods are obtained at no charge to the University. Foreign source purchases must be requested on the standard requisition form. Although encumbrances and

final debiting of your university budgeted account(s) for the requisition are calculated in U.S. dollars, actual payment is made in appropriate foreign currency at the current exchange rate at the time of payment.

### **Requisitions for Customs Services Rendered**

After the goods are received from the designated source, the broker will bill the University separately for the customs duties, reporting fees, and other administrative costs related to processing the order through U.S. Customs. When the University Purchasing Office receives the brokerage services invoice, the using department will be contacted and asked to submit a separate requisition for payment of these services.

**ELIZABETH CITY STATE UNIVERSITY**  
**Zero Dollar Purchase Orders**

**Automated Tracking of POs**

The university's automated purchasing system can only track orders which have numbers assigned by the Purchasing Department. Also, in order to provide accounting for all equipment owned by the University, the Purchasing Department must route a copy of the purchase order to the Accounting Department for any equipment items obtained as gifts. Because of these reasons, zero dollar purchase orders are used to document/ track shipments of goods provided free of charge. The most common uses of this type of purchase order are for tracking shipments of goods received as gifts from corporations and other business entities or for documenting the terms of a contractual agreement for equipment demonstration models provided at no obligation to the University.

**Requisition Needed**

Even though no expenses are anticipated, each requisition for a zero dollar purchase order must cite an account number. Requisitions for evaluation of equipment provided at no obligation to the University must also be accompanied by a signed agreement which conforms to Policy 400.1.18, Evaluation of Equipment by Departments. Please note that although coordination with the Accounting Department is not required for equipment items which are not owned by the University (demonstration models), a purchase order is needed to document the contractual agreement and shipment of the item(s).

Please See: Policy 400.1.18: Evaluation of Equipment by Departments

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets (FA)**

**Criteria**

There is a statewide fixed asset capitalization threshold of \$5,000 for financial statement presentation. Only assets costing \$5,000 or more will be capitalized or added to the total fixed assets of the university at the end of the fiscal year. ECSU classifies assets costing between \$500 and \$4,999 as inventoried fixed assets and maintains control over assets fitting within this classification.

**Two TYPES of FIXED ASSETS**

**Inventoried**

Inventoried fixed assets are those costing between \$500 - \$4,999. These assets may have a useful life of more than one year, but do not meet the capitalization threshold of \$5,000. The ECSU Fixed Assets Officer will maintain a list of such assets for internal control purposes. The purchase price for these assets will be expensed on a yearly basis.

**Capitalized**

A capitalized fixed asset is tangible property, such as land, buildings and equipment, with a cost of \$5,000 or more and a useful life of more than one year. Fixed Assets are acquired for use in normal operations and are not for resale. These assets are long-term in nature and may be subject to depreciation, depending on which funds were used to purchase the asset.

**Fixed Assets Data on File**

Computerized data is maintained on all university owned property with a purchase cost of \$500 or more. Every item of University owned property meeting the above criteria is assigned a fixed asset decal number and entered on a computerized fixed assets system.



### **General Fund Fixed Assets**

Assets purchased with governmental funds are recorded in the General Fixed Assets Account Group. Depreciation of general fixed assets should not be recorded in the accounts of governmental funds. Library books are recorded as one asset per library. The books continue to accumulate as one asset as of July 1 of each year. Each year the new additions and retirements will be netted out at year end. The net amount will be added as a component to the asset entered on July 1 of the previous year.

Assets purchased with proprietary funds are recorded in their respective fund group.

### **Proprietary Fund Fixed Assets**

Depreciation of fixed assets accounted for in a proprietary fund should be recorded in the accounts of that fund. Depreciation is also recognized in those trust funds where expenses, net income, and/or capital maintenance are measured. Straight-line depreciation and units of output are the primary methods used to record depreciation expense.

### **Recorded Value on ECSU's Books**

In accordance with GAAP, fixed assets should be recorded at historical cost or estimated historical costs. If purchasing a new asset, the cost is the amount paid for the asset. If it is a donated asset, the cost is the fair market value on the date donated. (The fair market value is the estimated amount of the asset for which it would be exchanged between a willing buyer and seller when neither are forced into the exchange. Both parties should have knowledge of all the facts and consider it an equitable exchange.) If using "In House" resources such as labor, materials, and supplies from Facilities Management, these costs should be included as part of the cost of the asset.

### **Capitalized Carrying Costs**

The amount capitalized includes the purchase price or cost of construction plus any other charges incurred to place the asset in its intended location and condition for use. Examples of other charges include: legal and title fees; appraisal and negotiation fees; surveying fees; other closing cost; damage payments; land-preparation costs; demolition costs; architect and accounting fees; insurance premiums during the construction phase; transportation charges, and any costs or payments required to place the asset in its intended state of operation. If using in-house resources such as labor, materials, and supplies from Facilities Management, include the costs of the resources as part of the cost of the asset. Capitalize the costs as if outside sources were used.

**Additions**

Additions increase the physical size or operating capabilities of an asset through expansion or extension. Additions do not involve renovations. A new wing to a building is an example of an addition. Additions are considered separate assets. The addition is capitalized if its cost exceeds \$5,000. Additions valued below \$5,000 are expensed (like other inventoried assets) and are neither capitalized nor depreciated (if applicable) for financial presentation purposes. The difference between additions and maintenance costs is that additions add future benefits while maintenance costs are incurred to keep the original asset in its normal operation condition.

**Maintenance Costs**

If costs are incurred to keep the asset in its normal operating condition and the life of the asset is not extended, do not capitalize the costs. Maintenance Costs should be expensed, or written off with the year's expenses. For example, engines in some of the university's Motor Fleet are rebuilt after several seasons. This was an expected cost at the time of purchase. It does not extend the life of the asset longer than originally intended, so the costs are expensed.

**Asset Reconciliation**

Fixed assets should be reconciled monthly by the Fixed Assets Officer and the Accounting Department. The Capitalized assets recorded on the fixed assets system should be balanced to the assets recorded on the general ledger. Any differences must be researched and resolved. The reconciliation must be documented and remain on file in accordance with record retention policies.

**Missing Assets**

If any assets (inventoried or capitalized) are missing during the Physical Inventory, a Missing Asset Form should be completed to document the reason for the missing asset. This form is reviewed by the responsible supervisor and or Department Head, the Vice-Chancellor with jurisdiction over the Department, the Fixed Assets Officer, and the Vice-Chancellor for Business and Finance. The Vice-Chancellor for Business and Finance will provide a Summarized Listing of all Missing Assets to the Chancellor at least semi-annually. The Office of the State Controller will periodically review items classified as missing assets. Every effort must be made to find the asset. All efforts must be documented and reviewed by the managers listed above.

**Stolen Assets**

If any asset is stolen, a theft report must be completed by the Campus Police Department. Please see the section following on Stolen Assets.

**Change in Management**

The NC State Controller's Office recommends that a physical inventory of capitalized assets and inventory items be taken each time there is a change in Department Heads and/or Managers that have responsibility for the assets. When the physical inventory is taken, the out-going and incoming department head or manager should sign the inventory sheets indicating both parties know where the assets are located and that the count is accurate. The signed inventory lists will be kept on file in both the Purchasing Department and the Responsible Department.

**Renovations & Improvements**

Renovation and Improvement Costs are incurred to restore or improve buildings or other assets. These costs involve the substitution of old parts for new ones and increase the economic benefits to be derived from the asset.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets- Buildings**

**Definition**

Buildings are structures that are permanent in nature. They will exist for more than one year and, depending on the funding used for the purchase, may be subject to depreciation (proprietary funds).

**Valuation**

Buildings are valued at the purchase price or construction cost. Cost should include all charges applicable to the building (i.e. broker's fees, architect's fees, interest on construction, etc.). Permanently attached fixtures to the building (i.e. heating and ventilation systems) should be included in the cost of the building. Buildings valued at \$5,000 or above should be capitalized. Building valued below \$5,000 should be expensed. Buildings valued above \$500 will be listed in the Fixed Assets Automated System. Building valued between \$500 \$4,999 will classified as Inventoried Buildings and Buildings costing \$5,000 or more will be classified as Capitalized Buildings.

**Donated Buildings**

If a building is donated, it should be recorded in the Fixed Assets System and, if its costs meet the \$5,000 threshold, capitalized in the Financial Records System at the appraised fair market value at the time of the donation. The Fair Market Value is defined as the estimated amount of the asset for which it would be exchanged between a willing buyer and seller when neither are forced into the exchange.

**Leased Buildings**

Buildings that are leased follow the same policy as other fixed assets. The type of lease as well as the \$500/\$5,000 thresholds dictate whether a building is both recorded in the Fixed Assets System and Capitalized in the Financial Records.

### **Using In-House Resources**

If you are using in-house resources from Facilities Management such as labor, materials, and supplies to construct or add on to a building, the costs should be included as part of the cost of the asset. Capitalize the costs as if outside sources were used. You must determine if the building meets the \$500 inventory threshold or the \$5,000 capitalized threshold. Remember to include the cost of the In-House resources in the total cost of the building.

### **Additional Construction**

If an addition is constructed, it is added to the fixed asset system as a separate asset. If the additional construction exceeds the \$500/\$5,000 threshold it should be assigned its own Fixed Asset Number.

### **Renovation and Improvement Costs**

Renovation and Improvement Costs are incurred to restore or improve buildings or other capitalized assets acquired in a run down condition. Property to be renovated and improved is usually purchased at a discounted price. The reason for the lower price is that considerable money will need to be spent to renovate/improve the asset before it can be put into service. The renovation/improvement costs incurred are added to the Fixed Assets System as a separate asset if the cost meets the \$500/\$5,000 threshold. Normally the costs take place over an extended period or time. Care must be taken to distinguish between maintenance costs and renovation/improvement costs over the period. *(Please see Policy 400.1.65)*

### **Maintenance Expenses**

Maintenance expenses are incurred to keep assets in normal operating condition. Maintenance expenses are incurred to help maintain the original use of the building and do not extend the life of the building beyond the expected useful life at acquisition. Maintenance costs are expensed and not capitalized. The costs are charged to Repairs and Maintenance -- Expenditure Code 3500.

(Please See Policy 400.1.66)

### **Long-Term Construction**

The long-term construction costs of buildings are paid with Capital Improvement Funds. Costs are accumulated and expended from the Capitol Improvement Budget while the building is under construction. Annually, the project to date expenditures (on the accrual basis) in the Capitol Improvement funds, less items capitalized, are recorded in the Construction in Progress Account. Some of the Construction in Progress costs would include architect fees, plumbing and electrical contracts, contractor fees, etc. A capitalized cost may include the heating system which cost in excess of \$5,000 and is in place when we begin to move in the building, the long term accumulated costs are reclassified from Construction in Progress to our Fixed Asset Building Account.

### **State Acceptance**

After a building is inspected by the State Construction Office, ECSU will receive a Letter of Acceptance from the State Construction Office. After receipt of the letter and when the building is ready for occupancy, the building is considered complete. ECSU should reclassify the amount from the Construction in Progress account to the Fixed Asset Building account and issue the building a fixed asset decal number which will be recorded and kept on file in the Purchasing Office. This should be done whether or not the total Budget Code accounting for the asset has been closed. Upon completion, ECSU should send a Building Update Form to the State Property Office, including such information as total costs, square footage, acquisition date, etc. Beginning July 1, 1996, ECSU should reconcile its records annually.

### **Separation of Costs**

Separate costs of the parts of the building that will probably be replaced before the end of the life of the building (such as roofs, plumbing, electrical, etc.) Enter the separate parts as individual assets and assign each separate part and individual decal number. When the "part" needs replacing, the amount to be written off is then readily available. In most cases, the costs can be broken down into general construction, heating and air conditioning, electrical and plumbing. The general construction costs will be one asset, with the remaining costs being separate assets. If major renovation takes place on a building, the original cost (less depreciation if applicable) of the part of the building being removed is eliminated from the accounts. The cost of removal of the renovation should be expensed. The remaining costs of adding the renovation should be a separate asset.

**Space Utilization**

University space in buildings is allocated through the Space Allocation Committees established by the Chancellor and chaired by the Director of Planning and Institutional Studies. Space additions, deletions, and/or changes are communicated to the departments. Data are updated to accurately reflect the conditions assignment and usage of facilities owned or controlled by the University. This data is used internally and reported to UNC General Administration (NC Commission on Higher Education Facilities) for use in publications and surveys concerning the University.

**Identifying Buildings for Records**

Buildings do not need to be tagged. The legal description must be recorded in the asset record to identify it as being State property.

**Year Ending Inventory**

All buildings are to be included and reviewed in the university's annual inventory. The inventory should ensure that buildings are accurately recorded in our records.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets- Land**

**Definition**

Land is the real estate held by the State. Land can be purchased or otherwise acquired, i.e. inherited or donated. All land is entered on the university's Fixed Assets System, when the State (ECSU) takes ownership of the property and the \$500/\$5,000 threshold is met. Land valued from \$500 - \$4,999 is expensed or written off at the fiscal year end. Land costing \$5,000 or more is capitalized. Since land is considered not to have a limited useful life and its salvage value is unlikely to be less than its acquisition cost, land is not depreciated.

**Purchased Land**

Purchased land should be entered at its cost. The cost includes its purchase price and any other charges necessary to purchase the land. The other charges include costs such as site preparation expenditures, professional fees, and legal claims directly attributable to the land acquisition. If land and buildings are acquired as a single parcel, the value of the land should be determined separately from the building and recorded in the land account. If land and building are acquired together with the intent to *raze* the building, the cost of razing the building should be inventoried/capitalized as part of the cost of the land if it meets the \$500/\$5,000 threshold. (*Raze means to level to the ground or demolish*)

**Donated Land**

Donated land should be capitalized at the appraised market value at the time of donation.



**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets Equipment**

**Definition**

Equipment, for the purpose of our fixed assets system, is defined as an item with an acquisition cost of \$500.00 or more. The cost of equipment includes tax, installation charges, and freight. These charges should be added together to determine the acquisition costs. Equipment costing between \$500 - \$4,999 is classified as an inventoried piece of equipment and the cost of this type of equipment should be expensed or written off at the end of the fiscal year. Equipment costing \$5,000 or more is capitalized equipment and the cost of this type of equipment should be added to ECSU's General Fixed Asset Account or Proprietary Fund depending on which funds were used to purchase the asset. Equipment generally has all the following characteristics:

- An acquisition cost of \$500 or more -- Inventoried Equipment
- An acquisition cost of \$5,000 or more -- Capitalized Equipment
- A life span of one year or more
- Non-expendable material
- Non Consumable

**Computerized Data on File**

Computerized data is maintained for all University owned equipment with a purchase cost of \$500 or more and an useful life of more than one year. Every item of University owned property meeting the above criteria is assigned a University Fixed Assets decal number and entered on a computerized fixed assets system.

Each equipment entry on the inventory listing contains the following:

1. Assigned University Fixed Assets decal number
2. Complete description (manufacturer's name, serial number, model number)

3. Commodity classification number
4. Date of purchase or acquisition
5. Acquisition method (purchase, donation)
6. Valuation method (cost, assigned value)
7. Fund from which equipment was purchased (departmental or grant)
8. Purchase cost or acquisition value should be a separate asset.
9. Trade-in value of any equipment traded in on purchase
10. Purchase Order Number
11. Check Number
12. Check Date
13. Equipment mobility/immobility (moveable, fixed)
14. Condition of equipment at time of acquisition (new, good, fair)
15. University Fixed Assets tag affixed to equipment (yes or no)
16. Department to which equipment is assigned
17. Location of equipment (building & room number)
18. Depreciable Life (if applicable)
19. Book Value (if applicable)

The Chief Fiscal Officer has the custodial and supervisory duties of the Fixed Assets System. He/She assigns both supervisor and clerical positions to control the assets. The management and control of the assets is largely centered around the Fixed Assets Officer and the Accountant. The objectives of the Fixed Assets Officer and Accountant are:

1. To substantiate depreciation and use charges included in the computation of indirect (overhead) rates for Federal Grants & Contracts;
2. To document equipment location and book values in the event of fire, loss or theft;
3. To classify equipment on hand in accordance with the State Classification Code;
4. To maintain printouts of movable equipment classification codes for analyses of equipment availability;
5. To maintain printouts of equipment for which each department is responsible;
6. To improve the security of the University's equipment;
7. To reconcile equipment purchases and control with the University's general ledger on a monthly basis; and
8. To ensure equipment purchased by ECSU is properly in place and accounted for.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets- Equipment Inventory**

**Equipment Changes**

In those cases if the location of an inventoried item permanently changes or the item becomes obsolete, the department head is required to complete a "Notice of Disposal or Change in Location of Fixed Assets" form and send it to the Fixed Assets Officer. When assistance is needed to move University equipment and/or furniture, a copy of the "Notice of disposal or Change in Location of Fixed Assets" will be forwarded to Facilities Management.

**Missing or Lost Equipment**

If equipment cannot be located, a memorandum must be forwarded to the Fixed Assets Officer, giving the manufacturer's name, model number, serial number, University Decal Number, and the date the equipment was lost. After a review by the Fixed Assets Officer, either during the annual physical inventory or one performed specifically for the items reported missing, the equipment will be placed on a Lost or Missing List. A search for the missing equipment will be conducted for a year. If the equipment has not been located after one year of being placed on the "Missing or Lost List", the equipment will be retired as lost. (Please see Policy 400.1.68) The person responsible for the missing asset will be required to document all the efforts made to find the missing or lost asset.

**Stolen Equipment**

If equipment is stolen the ECSU Campus Police Department should be notified immediately. The Campus Police Department is located in the Thomas-Jenkins Building on University Drive.

**Cannibalized Equipment**

If equipment becomes irreparable, but certain parts can be used to maintain other similar pieces of equipment, the irreparable item can be cannibalized. A memorandum must be forwarded to the Fixed Assets Officer giving the manufacturer's name, model number, serial number, ECSU Decal number, and the date the equipment is planned to be cannibalized. Please Note--A memorandum to the Fixed Assets Officer expressing plans to use the irreparable equipment and a

"Notice of Disposal or Change in Location of Fixed Assets" must be on file prior to cannibalization.

### **Semi-Annual Listings**

The Fixed Assets Officer will forward each department head a semi-annual listing of all the equipment assigned to each respective department. The department head should assure that each semi-annual statement accurately reflects the items on hand in his or her department. Any items that are on hand, but do not appear on your semi-annual listing, should be documented. A copy of the item(s) on hand, but not listed should be kept in the department's files and be sent to the Fixed Assets Officer.

### **Annual Listing**

Twice a year, an equipment inventory list will be forwarded by the Fixed Assets Officer to each University Department for physical inventory verification, updating, and certification by department heads.

### **Physical Inventory**

At least annually, a physical inventory of capitalized fixed assets should be taken to verify that capitalized assets (assets costing \$5,000 or more) are physically located at the University and are properly recorded in the fixed assets or proprietary accounts. A physical inventory of inventoried assets (assets costing between \$500 - \$4,999) should be taken at the same time to ensure these items have been tracked properly and expensed.

### **Spot Inspections**

The Fixed Assets Officer may perform spot inspections of departmental equipment throughout the year as time permits.

**ELIZABETH CITY STATE UNIVERSITY  
Fixed Assets- Equipment Location Changes**

**Changes Within ECSU**

**Complete a Notice of disposal/ Change in Location Form**

Prior to changing the assigned location of any equipment on Campus, a Notice of Disposal or Change in Location of Fixed Assets (Movable Equipment and/or Furniture) must be completed. The Form should be prepared by the person using the equipment (User) documenting the Fixed Asset ECSU decal number, the description of the equipment, the reason for the relocation, the current building and room number and the reassigned building and room number. The form must be signed by the user, the Department head (person receiving the semiannual asset statement), and the Fixed Asset Officer.

**Review Location Changes**

Once the Fixed Assets Officer has approved all location changes, the Fixed Assets Officer will enter the location changes in the Fixed Assets System. A copy of the Approved Notice of Disposal or Change in Location of Fixed Assets will be returned to the Department Head and the User indicating inventory records have been adjusted. The Department head should assure any location changes are accurately reflected on the semiannual Fixed Assets Statements.

**State Property & Federal Property**

Equipment which has been purchased with university administered State or Trust Funds belongs to the State of North Carolina. Equipment bought with Federal funds becomes State property when title passes to the University. A university employee, upon leaving the university, may not take state or federally owned equipment to a new place of employment without obtaining advance approvals.

**Transfer of State-Owned Equipment Between State Agencies**

**Prior Approval**

The transfer of any State-owned equipment to another North Carolina State supported institution or agency requires prior written approval from the Director of the NC Auxiliary Services Department of Surplus Property as well as on-campus approvals from the appropriate department head, Fixed Assets Officer, and Vice Chancellor for Business and Finance. The sale

will be based, where possible, on previous sales of similar products in the open market. If assets are to be transferred to another department due to legislative action, approval does not have to be obtained from the NC Department of Surplus Property.

If an item is transferred, the NC Department of State Surplus will notify the original agency as to which agency received the item.

### **Transfers Outside the University System Approval from the NC Department of Administration**

State owned equipment cannot be transferred to an institution outside the University of North Carolina system without prior approval from the State of North Carolina Department of Administration. To obtain such approval, a detailed letter of justification must be submitted to the Fixed Assets section of the Purchasing Department. This letter must be supported by approvals from the department head, the Vice-Chancellor of the department, the Vice-Chancellor for Business and Finance, and the Office of Contracts and Grants (if the equipment was originally purchased in whole or part with Contracts and Grants funds). Except for equipment originally purchased with Federal funds, reimbursement will be required from the receiving institution or organization.

### **Federal Agency Approval**

In addition to the foregoing approvals for transfers outside the University of North Carolina system, the State Department of Administration also requires a request of approval from the Federal agency which originally provided funds for the equipment involved, and which is continuing sponsorship of the research project at the receiving institution. The agency request should be addressed to the Fixed Assets section of the Purchasing Department, and must attest to the relevancy and necessity of the equipment transfer for continuing research.

## **Transfer of Federally Owned Equipment**

### **Prior Approval**

If equipment is still owned and controlled by a federal agency, such equipment may be transferred with the concurrence of the appropriate department head, the Vice Chancellor of the department, the Office of Contracts and Grants, the Accounting Office of Sponsored Programs, the Vice-Chancellor for Business and Finance, the Fixed Assets Officer, and approval if the Federal Agency. Approval is not required from the State Department of Administration.

### **Lead Time**

When a transfer of property outside the University of North Carolina System is contemplated, the associated request should be initiated as soon as possible, and not later than 60 days prior to the planned transfer or shipment date of the equipment. A request for transfer of equipment within the system should be initiated 30 days prior to the planned transfer or shipping date.

### **Transfer Requests**

All transfer requests must contain a description of the contemplated equipment transfer with a list including:

- (a) a description of the equipment along with the manufacturer's name, model and number;
- (b) the ECSU Fixed Assets (blue) Decal Number;
- (c) the source of funds used to acquire the
- property; and (d) the reimbursement amount (if
- any).

### **Some Items Generally Not Allowed**

General purpose equipment, such as desks, tables, file cabinets, office-type calculators; typewriters, lamps, bookcases, reproduction equipment, and similar items will generally not be transferred.



**Shipping Charges**

Unless special arrangements are made with the sponsoring agency, all shipping costs are to be borne by the receiving institution. Copies of shipping documents will be forwarded to the appropriate equipment control section at the receiving institution.

**ELIZABETH CITY STATE UNIVERSITY  
Fixed Assets- Relocation of University Property**

**Personal Use is Prohibited**

Personal use of State or university owned/leased equipment, supplies or materials is prohibited whether on or off campus. All equipment, supplies or materials acquired by the State at the University are considered to be State/university owned.

**Off-Campus Use Must be Approved**

Anytime faculty or staff members or other authorized persons take University owned/ leased property to residence or to another location for business purposes, it is necessary for a contractual agreement to be executed granting permission for this property to be moved to an off-campus location. This contractual agreement shall indicate the period of time the property is to be off campus, the location, a description of the specific items involved, the replacement cost value of the items, and the requirement that all-risk insurance is to be placed by the individual user if the department does not carry continuous coverage on these pieces of equipment. The required coverage can be secured through the Purchasing Office, or may be covered by the individual's homeowner's policy. Blank contracts are available from the Purchasing Department.

The Purchasing Department has the responsibility for the following:

- (1) Reviewing the contractual agreement to be certain that it contains all the necessary elements listed above for insurance purposes.
- (2) Maintaining a copy of the agreement, thus assuring these pieces of equipment are protected by the same coverage as afforded by the State Insurance Department when the equipment is located on campus.

**PERMISSION FOR REMOVAL OF UNIVERSITY OWNED PROPERTY CAN BE GRANTED ONLY FOR UNIVERSITY BUSINESS AND NOT FOR PERSONAL USE**

**ELIZABETH CITY STATE UNIVERSITY**  
**Acquisition/Disposal of Property**

The Vice Chancellor for Business and Finance sends written notification to the Fixed Assets Officer when property has been acquired by purchase through lease, or property has been sold, or an existing lease is not required.

The Fixed Assets Officer is then responsible for (1) properly recording purchased or sold property in the Fixed Assets System, (2) arranging for insurance coverage on purchased property or canceling it in the case of disposed property and (3) record or delete characteristics in the Fixed Assets Records on all owned or leased properties.

## **ELIZABETH CITY STATE UNIVERSITY**

### **Tagging Assets**

#### **Objective**

Maintaining a positive identification of assets is the primary purpose of tagging. Tagging is important to:

- (1) Provide an accurate method of identifying individual assets,
- (2) Aid in the periodic inventory,
- (3) Control the location of all physical assets
- (4) Aid in maintenance of fixed assets, and
- (5) Provide a common ground of communication for  
both the accounting department and the assets' users.

#### **General Information**

Generally, all fixed assets are tagged. The tag number is entered in the asset record at the point of tagging. Fixed assets or assets with an acquisition of cost of \$500 or more have BLUE tags or decals. Assets with an acquisition of cost of less than \$500 are not considered fixed assets, however, they are tagged with RED tags for control purposes, i.e. desk calculators and lamps.

#### **No Tag Assets**

"No Tag" Assets - Some assets, such as buildings, carpeting, and land are not tagged. The asset number is still recorded in the Fixed Assets System, but not physically attached to the asset. A description of the property is recorded including address and plat location found in the Register of Deeds. Items not needing a tag are:

- Buildings (record legal description should be in the asset record),
- Carpeting (record building and room location should be in the asset record),
- Land (record legal description should be in the asset record)

**Transferring Assets to Another State Agency**

If an asset is transferred from ECSU to another State Agency, with the proper approvals, this information will be noted in the Fixed Assets Records of both ECSU's books and the recipient's records. If ECSU sells the asset, the item will be taken off our asset records, otherwise ownership remains with ECSU.

**Placement of Decals**

Tags should be consistently placed in the same location on similar types of assets. For example, personal computers should be tagged consistently on the left-hand side of the central processing unit (CPU). Tags should always be accessible for viewing so that the asset can be seen easily and identified without disturbing the operation of the item. However, if you do not see the decal located on the front or side of assets assigned to you, please look in the back or other inconspicuous places. It may have been inadvertently placed. If you still do not see the decal, please call the Fixed Assets Officer in the Purchasing Department for assistance. The asset may be less than \$500, or it may not have been tagged.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets- Components**

**New Definition**

Components are a separate physical part of an asset that when added together with all the physical parts would make up the whole asset. Separate physical parts of assets are not classified as components. The individual parts are classified as separate assets and are individually evaluated in determining if they should be recorded in the Fixed Assets System based on the \$500/\$5,000 threshold amounts.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets- Additions**

**Definition**

An addition represents a new asset. Additions increase the physical size or operation capabilities of an asset through expansion or extension. Additions do not include renovations. A new wing to a building is an example of an addition.

**\$500/\$5,000 Thresholds**

Additions are considered separate assets. An Addition is capitalized if the total cost of the asset is greater than \$5,000. The addition is expensed if the total cost of the asset is under \$500.

**Additions vs Maintenance Costs**

Additions are different from maintenance costs. Additions increase the physical size or operating capabilities of an asset. Maintenance costs are incurred to keep the asset in normal operating condition.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets - Renovations and Improvements**

**Definition**

Renovation and improvement costs are incurred to restore or improve buildings or other capitalized assets. These costs involve the substitution of old parts for new ones and increase the economic benefits to be derived from the asset.

**Two Criteria Required**

Two criteria must be met in determining whether or not a renovation or improvement cost should be capitalized. The first criteria is whether the expenditure significantly extends the useful life of the original asset. The second is if the expenditure exceeds the \$5,000 capitalization threshold. If both of these criteria are met, the expenditure must be capitalized. Expenditures not meeting both of these criteria should be classified as a maintenance expense. Care must be taken when distinguishing between maintenance and renovation and improvement costs.

**Assets > \$5,000 = Cap Assets < \$5,000 = Exp**

Assets valued below \$5,000 are expensed and are not capitalized or depreciated. If an asset costs between \$500 and \$4,999, it may be listed on the fixed assets system as an inventoried asset.

**Removing Cost = Exp Adding Renov = Cap**

If parts of an asset are removed during a renovation/improvement project, the original cost (less depreciation, if applicable) of the part of the asset being removed should be eliminated from the Fixed Assets System. Because of the difficulty of measurement or of immateriality, this may not be possible. The removal costs associated with the renovation should be expensed. The remaining cost of adding the renovation would be the cost of the new asset.



**ELIZABETH CITY STATE UNIVERSITY**  
**Maintenance Costs**

**Definition**

Maintenance expenses are incurred to keep assets in normal operating condition and to help maintain the original use to the asset. Maintenance expenses do not extend the life of the asset beyond the expected useful life at acquisition. These are costs incurred to keep the asset operational throughout its useful life. Replacement of roofs, plumbing/ electrical systems and carpet do not usually extend the original useful life of a building; therefore, these expenditures generally should be classified as maintenance costs. Other examples are engines on ferries which are rebuilt after each season. This was an expected cost at the time of purchase. It does not extend the life of the asset longer than originally intended, so the costs are expensed.

**Maintenance Costs**

Regardless of the dollar amount, maintenance costs are expensed and not capitalized. The costs are charged to repairs and maintenance expense.

**Maintenance Costs Review**

ECSU's Purchasing and Accounting Departments will review Maintenance Costs twice a year in December and June to assure that ECSU is maintaining equipment as economically and efficiently as possible and to consider the following:

- (1) Replacing an asset with higher maintenance costs more than other similar assets;
- (2) Reducing maintenance costs by signing a service contract;
- (3) Comparing the costs of a service contract with a repair-as-needed program; and
- (4) to verify that the costs were for maintenance rather than amounts that should be capitalized.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets- Separation of Duties**

**Objective**

Duties in the Fixed Assets Area are distributed among several positions. This separation is necessary for adequate internal control of the fixed asset system.

**The State Controller's Recommended Requirements**

The Chief Fiscal Officer has the custodial and supervisory duties of the fixed asset system. He/She assigns both supervisory and clerical people to control the assets.

- a) Where possible, the Fixed Asset Officer makes the entries to the fixed asset system. He or She also tags the asset and records the number in the fixed asset system. If it is not possible for the Fixed Asset Officer to do these tasks, a responsible person will be designated to perform the duties needed.
- b) An Accountant (not the Fixed Assets Officer) records the general ledger entries. This person also balances the fixed asset system accounts to the general ledger accounts monthly.
- c) Another person in each office receives the assets and checks them in. This is usually an office supervisor, manager, or their designee. He or She routes the receiving tickets to the accountant. The accountant approves them, makes entries to the statewide accounting system, and sends them to the fixed assets officer for appropriate Fixed Assets System entries.
- d) A person separate from the above mentioned positions, performs the annual inventory. The physical inventory is taken, at least once a year, to verify that capitalized assets physically located at the University are recorded in the Fixed Assets Accounts. After inventory, this person researches any missing assets. The responsible supervisor and Chief Fiscal Officer approve the inventory sheets before the Fixed Assets Officer makes changes to the status code.

The State recommends that, at a minimum, the above policies are in place. And, although there may not be enough people involved at ECSU to separate all the above mentioned functions, the person making entries to the university's books will not take the year ending inventory or balance it.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets- Missing Assets**

**Definition**

Fixed Assets are considered missing when an inventory is taken and assets on the Fixed Assets System are not found. This can occur because an asset is moved to another location, but the new location is not recorded on the system before inventory sheets are run or the asset could be lost or stolen.

**Missing vs. Stolen**

This situation is different from an asset that is believed to be stolen. If any asset is missing due to theft, an incident report must be completed and the State Bureau of Investigation must be notified. (Please see Policy 400.1.69: "Theft ")

**Possible Reconciliation**

If after performing a physical inventory, assets are determined missing, the missing asset should be noted on the inventory sheet. These inventory sheets, with proper notation, should be given to the Fixed Assets Officer, if not already in his/her possession. The Fixed Assets Officer compares missing assets with those "written in" as being physically there, but not listed on the inventory sheets for that department. If there are any matches location changes are made to the fixed asset system to list it property.

**Reporting**

If missing assets cannot be reconciled, as described above, the Fixed Assets Officer will update the Fixed Assets files to flag the equipment as "missing". A report consisting of the property determined missing during the department's annual physical inventory will be prepared by the Fixed Assets Officer and distributed to the Department Head, the Vice-Chancellor of the Department, the Vice Chancellor for Business and Finance and the Purchasing Director.

**Ninety Days Notice**

The department having items of equipment missing during the annual inventory will be given a period of ninety (90) days to locate the items in question.

**Departmental Head's Response**

The Department Head or designated departmental representative will submit a status report to the Fixed Assets Officer at the end of the 90 day period enumerating efforts to locate the "missing " asset.

The Fixed Assets Officer will update the fixed assets files when missing equipment is located. The Fixed Assets Officer will monitor the progress of the department's investigation by comparing the status reports.

If the items in question are still missing after the 90 day period, the Fixed Assets Officer will submit a report to the Internal Auditor and the appropriate Vice Chancellor. The Vice Chancellor will be requested to respond within a ninety (90) day time frame.

After 180 days, if the items are still considered missing, a second report will be submitted to the University's Internal Auditor and the appropriate Vice Chancellor. The Vice Chancellor will be requested to respond within a 60 day time frame.

**Police Action**

If the assets are still missing after the 180 day status report, Campus Police will be called in to Investigate the missing items. The Internal Auditor, the Fixed Assets Officer, and Campus Police will review and investigate possible misconduct. Formal police action or University disciplinary action will be taken when appropriate.

**Removal of Assets from the Books**

Assets that are not located in one (1) year from the annual inventory, and are still on the missing status report will be removed from the Fixed Assets Account (Financial Records System) and the Fixed Assets System (Inventory Records) at the end of the next fiscal year.

Justification for missing assets must be provided by the responsible department head and this information will be kept on file in the Fixed Assets Office.

**ELIZABETH CITY STATE UNIVERSITY**  
**Fixed Assets- Theft**

**Reporting Stolen Equipment**

A person discovering that items have been stolen item(s) must notify the Department Head immediately. The Department Head is then required to report the missing items to the Campus Police. Within ten days of being notified of the stolen equipment, the Campus Police will send a theft report to the Fixed Assets Officer, the Internal Auditor, and the university Attorney. The SBI will then investigate the theft, if necessary. If the investigation reveals a violation of criminal laws, the District Attorney will be contacted.

**Retirement of the Fixed Asset**

A stolen fixed asset will be retired on the Fixed Asset System and the General Ledger will reflect an entry to reduce the fixed asset account by the value of the asset at the end of the fiscal year in which the theft was reported.

**Recovery of a Stolen Asset**

If an item, previously reported as stolen, is recovered the department should immediately notify the Campus Police Department, the Fixed Assets Officer and the Fixed Assets Accountant.