

Purchasing Update

YEAR END
Special Edition



Utah Division of Purchasing
and General Services

Solicitations at Yearend*

By Tara Eutsler, Contract Analyst

Finance Policy 4.16 states, "B. Goods and services must be paid for in the same year in which they are received." This means that if an agency wants to buy a procurement item with FY20 funds, the item must be delivered prior to July 1.

At yearend, many state agencies have a budget surplus and make purchases that were delayed until funding was certain. The impact is that the Utah Division of Purchasing receives a higher volume of standard requisitions (RQS) at yearend. With several purchasing agents currently involved in the sourcing and receiving of personal protective equipment for the State, the standard procurement load and increased yearend requests fall on fewer desks. The remaining purchasing agents strive to process all requests that they can as quickly as they can.

While the workload at Purchasing is a factor, there is another immovable factor. This week the Utah Division of Purchasing received an RQS from an agency. During the solicitation process, the Division was told that delivery could not be made until after July 1. Why? COVID-19. Because COVID-19 issues have led to a disruption in the supply chain and delivery systems, the June 30 delivery deadline is racing forward at lightning speeds even while our days at home seem to crawl.

What is the answer to these two issues? Begin the requisition process today for any procurement your agency wants to make with FY20 funds. As you begin, consider the following guidelines:

- Delivery for goods or services must be received no later than June 30, 2020 in order to pay with FY20 funds.
- Orders from an agency contract or a state cooperative contract that will be paid using FY20 funds must be placed timely to ensure delivery by the end of business on June 30, 2020.
- All requisitions for purchase orders (RQS) to be paid using FY20 funds need to be received by the Utah Division of Purchasing by May 6, 2020. Even if requisitions are received by May 6, there are no guarantees that vendors will be able to meet the delivery deadlines.
- When the solicitation has been completed by the Division of Purchasing, the agency needs to review the delivery date. Is the delivery date in the correct fiscal year for the funds that are to be used?
- Requisitions for purchase orders (RQS) received after May 6 will have secondary priority and no guarantee can be made that the procurement process can be completed or that a vendor can make delivery by June 30, 2020.
- DTS has their own time table for technology based procurements. Please consult with your IT Director.

We thank you for your efforts during this yearend procurement process.

FISCAL YEAREND

Requisitions: Old Year versus New Year

By Tara Eutsler, State Contract Analyst

In a few weeks, both the FY20 and FY21 requisitions will be available for use in FINET. Determining which type of requisition and which fiscal year to use can cause confusion. A brief discourse concerning the requisition type, the delivery date, and how the FINET system works should assist in clearing the confusion.

The two types of requisitions used to request the procurement of goods and services through the Utah Division of Purchasing are the standard requisitions (RQS) and master agreement requisitions (RQM).

An RQS is used when a procurement will become a Purchase Order (PO). The RQS to PO is generally used (1) for a one time purchase or a very short term agreement; (2) when there will be no more than 3 payments; and (3) generally should not extend from one fiscal year to the next. The PO may be rolled to the new year, if necessary, but the correct finance process must be followed for that to occur. While an RQS can become a contract, an agency should use an RQM if it knows the procurement will become a contract.

An RQM is used when a procurement will become a master agreement. An RQM should be used when the procurement items (1) will require multiple payments over time such as payments for phases in a project or goods needing to be bought over time; (2) will be used over a period of time; or (3) will have an annual payment for multiple years, such as a maintenance agreement.

Once the requisition type has been determined, a decision regarding the correct fiscal year must be considered.

An RQM does not have FY restrictions in FINET, which allows for flexibility in choosing the fiscal year. The resulting contract numbering is based on the date that the contract is entered into FINET no matter the fiscal year on the RQM. Because it takes time to complete a solicitation, create a contract, and get it signed, the Division of

Purchasing recommends that after June 17, agencies use FY21 for all RQMs.

Choosing the RQS requires a little more thought. The year for the RQS, PO, and budget funds must align, meaning they must all be FY20 or they must all be FY21. FINET will not allow the Division of Purchasing to create a FY21 PO from a FY20 RQS. FINET creates a PO by copying forward from the RQS and auto-generates the number based on the agency's nomenclature and the fiscal year on the RQS.

The estimated delivery date of the procurement item is the second step to determining which fiscal year to use for the RQS. Finance policy requires that the goods or services received in a fiscal year be paid using that fiscal year's money; thus, the determination on which FY to choose is based on the date of anticipated delivery. If the goods/service will be received by June 30, 2020, then the RQS must be FY20. If the goods/services will be received after June 30, the RQS must use the FY21 numbering.

What if the agency creates an FY20 RQS and no vendor can make the June 30, 2020 delivery date because of issues created by COVID-19 or other reasons? After the Utah Division of Purchasing has cut the PO, the agency must work with their internal finance group to roll the PO into FY21. This will release the FY20 funds and encumbers the FY21 funds. The roll of the PO must be completed before the end of July and must be completed before payment is made for procurement items received after June 30, 2020.

In conclusion, determining which requisition type and fiscal year to use on the requisition requires consideration of the purchase, the length of the agreement, the number of payments, and the date of deliver.