

**State of Vermont**

Department of Finance & Management  
109 State Street, Pavilion Building  
Montpelier, VT 05620-0401

[phone] 802-828-2376  
[fax] 802-828-2428

*Agency of Administration*

To: Business Managers and other Financial and Purchasing Staff

CC: Secretaries, Commissioner, Deputies, Department Heads

From: James Reardon, Commissioner of Finance and Management  
Gerry Myers, Commissioner of BGS

Date: June 27, 2008

Re: Purchase Orders, Contracts and BDAs

Vermont State Government possesses significant purchasing power and has a responsibility to manage its purchasing function in a responsible, effective, and efficient manner. The use of statewide contracts and their associated purchase orders<sup>1</sup> is a mandatory requirement that provides significant value to the State of Vermont from a purchasing and financial controls perspective.

The Department of Buildings and General Services (BGS) has statutory responsibility<sup>2</sup> to contract for and/or purchase all commodities for state government. To simplify this process, the [Office of Purchasing & Contracting](#) (BGS-PCA) maintains numerous statewide contracts for supplies, materials, equipment, parts, etc. The Agency of Administration's [Bulletin #3.5: Contracting Procedures](#) stipulates that these statewide contracts must be used by all state government entities, unless otherwise approved in advance (by BGS). In addition, BGS authorizes departments to make specific types of purchases for items not available through a statewide contract via a blanket delegation of authority ([BDA](#)). To procure goods not available under a contract or covered by a BDA, departments must prepare and submit a purchase requisition to BGS-PCA.

The State of Vermont manages the requisition, contract, and purchase order process through its VISION financial management system. [Bulletin #3.5](#) mandates all contracts must be entered in VISION and that purchase orders must be prepared when making payment against all contracts (re: [VISION Procedure #3: Purchase Orders, Contracts and BDAs](#)); these requirements extend to all statewide and departmental contracts. The only exemption to this purchase order requirement is purchases made from qualifying vendors and contracts utilizing the State of Vermont's Purchasing Card ([P-Card](#)). The process of using purchase orders with contracts provides many benefits and controls including:

- Pre-purchase authorization prior to commitment of funds - reduces risk of unapproved or unallowed spending.
- Funds are encumbered - reduces risk of overspending budgets.
- Ties expense to contract - reduces risk of overspending fixed dollar contracts.
- Contract pricing is used - reduces risk of overcharges.
- Readily available data for meeting reporting requirements (e.g. Legislative reports, recycled materials, public information requests, etc.).

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<sup>1</sup> Purchase Order: a document that authorizes the acquisition of specified merchandise or the rendering of certain services; used by departments to encumber, liquidate, and authorize payment for such requests.

<sup>2</sup> Title 29 V.S.A. §902. The commissioner of buildings and general services shall contract for and make all purchases, including but not limited to all fuel, supplies, materials, equipment, for all departments, offices, institutions and other agencies of the state and counties. However, he or she may delegate authority to those governmental agencies to purchase directly individually approved types and classes of items when the interest of the state is best served thereby.



- All statewide contracts issued after January 1, 2007 include a Suspension and Debarment clause, eliminating the need for department's to independently verify the vendor's status (re: [F&M Policy #1: Suspension & Debarment](#)).
- Utilization data provides valuable information and has significant impact on the State's purchasing power for bidding and negotiating future contracts, identifying purchasing trends, etc.

In summary, the key points and requirements all Vermont State Government entities must adhere to are:

1. When seeking to acquire goods or applicable services, first determine if there is an existing statewide contract or BDA to meet your organization's needs.
  - Essentially all purchasing for goods, supplies, equipment, materials, etc. should be pursuant to a contract, BDA, or purchase authorization otherwise a purchase requisition is likely necessary.
2. Statewide contracts must be utilized when purchasing goods or applicable services already available under a state contract; off-contract purchases for the same or similar goods applicable services are prohibited without prior approval of BGS.
3. Blanket Delegations of Authority are issued by BGS-PCA with specific conditions and requirements; a BDA is not to be used to circumvent use of an existing statewide contract, or, to avoid the creation of a new contract (if required).
  - **Important Business Process Change:** When paying an invoice covered under a BDA, the applicable BDA # must be entered in the "Item" field on the invoice line of the VISION voucher (*refer to [VISION Procedure #3](#) for more information*).
4. All statewide and departmental contracts, regardless of amount, must be entered in VISION.
5. Purchase orders must be prepared in VISION when making payment against all statewide and departmental contracts (*unless the P-Card is used*).

To assist departments with meeting these requirements and to improve customer service, our departments are taking the following steps:

- The VISION Help Desk has resumed regular classroom trainings for VISION end-users on requisitions, contracts, and purchase orders; VISION training manuals and class information are available on the [VISION-Training](#) webpage.
- [VISION Procedure #3: Purchase Orders, Contracts and BDAs](#) has been revised to reflect [Bulletin #3.5](#) requirements and the business process change for tracking BDA utilization.
- The VISION Help Desk will conduct targeted VISION training for BGS-PCA staff to facilitate cross-training and improve awareness of inter-related responsibilities.
- BGS-PCA will resume offering their "Purchasing 101" class to departmental employees involved in the purchasing function; the objective is to provide participants with current information, resources, tools, and administrative requirements needed to accomplish their purchasing duties in an efficient and effective manner.
- BGS-PCA and Finance & Management staff will meet quarterly to discuss and resolve mutual issues pertaining to the purchasing function and VISION.

As public sector managers, we thank you for your on-going commitment to responsible purchasing and for ensuring the resources entrusted to us are used efficiently and effectively. It is imperative that you communicate this important information to all staff involved in your organization's purchasing and accounts payable functions. In the accompanying documents we have developed a list of frequently asked questions (FAQ) regarding the use of statewide contracts, purchase orders, and BDAs. We hope you find this FAQ informative but should you have further questions please contact [Debbie Damore](#), Purchasing and Contracting Manager or [Brad Ferland](#), Director of Financial Operations.

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