



THE COMMONWEALTH OF MASSACHUSETTS
 Executive Office for Administration and Finance
Operational Services Division
 One Ashburton Place, Boston, MA 02108-1552



Deval L. Patrick
 Governor

Jay Gonzalez
 Secretary

Timothy P. Murray
 Lieutenant Governor

William M. McAvoy
 Acting State Purchasing Agent

OSD POLICY GUIDANCE 11 - 03

TO: Commonwealth Secretariats, Department Heads, Chief Fiscal Officers, General Counsels and Procurement Liaisons

FROM: Bill McAvoy, Acting State Purchasing Agent, Operational Services Division

DATE: March 17, 2011

RE: OSD Policy Guidance 11-03: Revised Commodity Purchase Order (PC) Approval Process (Repealing OSD Policy # 09-29)

Executive Summary

This policy increases department commodity purchase order delegation levels to \$150,000 (formerly \$100,000) and also provides guidance to departments when seeking OSD's approval for commodity purchases in excess of \$150,000.00.

Delegation Levels

For commodity purchases, the delegation threshold level is hereby increased to \$150,000 (secondary approvals are completed in accordance with procedures established by OSD). Encumbrance documents equal to or less than \$150,000 do not require secondary approval. For services, the delegation threshold is \$500,000 and those secondary approvals are completed in accordance with procedures established by the Office of the Comptroller (OSC).

Departments must document and verify that all purchases have been made in accordance with prescribed laws, regulations, policies and procedures in order to ensure that the acquisition represents "best value" to the Commonwealth. Departments may not manipulate contracts or contract amendments to avoid secondary review for encumbrances exceeding the delegation limit, e.g. splitting contracts or contract amendments or encumbering less than the maximum obligation of a contract. The chart below delineates delegation limits for Master Agreements, commodities, services and incidental purchases:

MMARS DOCUMENT	DELEGATION LIMIT FOR TOTAL DURATION OF DOCUMENT	RESTRICTIONS
Statewide Contract MA Master Agreement	no limit	Department transactions referencing Statewide Contract MAs managed by OSD will process automatically without secondary review.
PC Commodities	\$150,000.00	Includes departmental MAs referencing a PC.
CT Services	\$500,000	Includes departmental MAs referencing a CT.
RPO Ready/Recurring Services/Leases	\$500,000	Includes department MA referencing RPO.
GAE/INP Incidental Purchases	\$5,000	One-time, non-recurring need.



The OSD Quality Assurance Team will monitor and assist Executive departments to ensure compliance with procurement laws, regulations and policies. In addition to conducting queries on department encumbrance activity, the Quality Assurance Team will conduct regular site visits to review department procurement files and internal procurement practices. These in-depth reviews are designed to determine compliance with procurement requirements and policies as well as to provide on-site training, technical support or assistance as needed.

OSD Oversight Approval Process for PC (Commodities) Documents Exceeding a Department's Delegation Threshold Limit

PC documents that exceed a department's delegation limit require secondary approval by OSD. There has been no change to this business rule. Departments are still required to complete the one page [PC Approval Transmittal Form](#) and submit the required paperwork which will be reviewed by the OSD Procurement Manager. Upon receipt of the [PC Approval Transmittal Form](#) and the required paperwork, the OSD Procurement Manager will review the package and, if appropriate, approve the encumbrance in MMARS. OSD will reject documents if the form is not submitted, not completely filled out or if the contract package does not include all of the required documents. The OSD Procurement Manager will utilize the [PC Approval Transmittal Form](#), which is available on the OSD web site on the Forms and Terms Page, to ensure that all required documents are submitted.

This new policy will take effect on Wednesday, March 23, 2011 and applies to the acquisition of commodities by all MMARS users, specifically Commonwealth departments required to follow MGL Chapter 7, Section 22 and MGL Chapter 30, Sections 51 and 52. This policy update does not apply to cities and towns and does not cover other policies issued by the Office of the Comptroller (CTR) related to the acquisition of services.

If you should have any questions regarding this policy please contact OSD's Quality Assurance Director, Barbara Miller via e-mail at Barbara.Miller@state.ma.us.