Dear Colleague,

Another year has come and gone and I am proud of the many and varied accomplishments of our Procurement and Contracting Services staff. Just to highlight a few of the accomplishments of PACS during the past year, we were able to complete negotiations and sign agreements for three major strategic alliances: Wireless Services with Alltel, document production with Xerox and Ikon/HP, and computing with Gateway. These relationships were the result of many hours of hard work by representatives of the entire University community and incredible effort and commitment on the part of our valued new alliance suppliers. I am optimistic that as you all take a good look at the value represented through these relationships, you will actively want to support and utilize the benefits brought to the University through them.

Through two surveys conducted this year you have given us wonderful feedback on those areas in which we are doing well and have identified the areas on which we need to work. Thank you to all that took the time to give us this valuable feedback. We commit to continuing to listen to your issues and concerns and find solutions to your needs.

We in PACS look forward to the challenges ahead and promise to always try to live up to our slogan, “Whatever It Takes.” Please let us know how we can continue to improve our service to you. We wish you a most happy and successful new year and all the best in accomplishing your goals in the upcoming months.

Please feel free to contact me at 621-3062 or macks@u.arizona.edu if I can assist you in any way.

Sincerely,

Stephen G. Mack, C.P.M., Director
Procurement and Contracting Services

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New Minor Enhancement To PaymentNet Is “Really Cool”

The PaymentNet system has been updated to allow the ‘No Receipt’ checkbox to be edited after a PCard transaction posts to FRS.

This ‘No Receipt’ checkbox is an optional feature to be used if a cardholder does not supply a receipt to the reconciler within the eight business day PCard reconciliation period. The reconciler now has the ability to ‘uncheck’ this box by querying for a transaction, even after the transaction uploads to FRS and is marked ‘posted’ in PaymentNet. This allows the reconciler to record in PaymentNet that the receipt has been obtained.

The ‘No Receipt’ checkbox and the ‘Transaction Notes’ fields can be edited for two years after the post date of a transaction. All other fields are locked once a transaction posts to FRS.

Please contact Misty McCormick at (520) 621-3288 if you have any questions.
Fragmenting Orders

The Purchasing Card Department conducts post transaction reviews to ensure PCard purchases are in compliance with University Policies and Procedures. One surprising finding is that there has been excessive abuse of the Pyramiding Policy and that there seems to be confusion over the definition of pyramiding and the ramifications to the cardholder if it occurs. The adjoining article, “Fragmenting Orders” addresses the Arizona Board of Regents Procurement Code, U of A Purchasing Policies and State Law (collectively “Policies”) regarding the fragmenting of orders (pyramiding), the importance of compliance with the Policies concerning this practice, and the severity of non-compliance.

Pyramiding (or fragmenting) is essentially splitting an order that exceeds $5,000 into two or more credit card charges. The confusion seems to surround the $5,000 PCard single purchase maximum and the $5,000 capital equipment minimum. Some cardholders were under the impression that if an order exceeded $5,000 but no capital equipment was being purchased, they were allowed to exceed the single purchase maximum. This is not true. No single Purchasing Card purchase, order or invoice, may exceed $5,000 – including shipping and tax.

The motivation behind the Policies concerning order fragmentation is to allow for a competitive bidding process, which encourages good pricing and fairness to vendors. Under the dPR system, a designated purchasing buyer will monitor this process and inform departments before a pyramiding situation involving fragmenting of orders could occur.

The PCard system, however, with its unique post review and approval process, does not include a buyer to monitor for fragmenting of orders. When using a PCard, the cardholder deals directly with the merchant, and therefore, the onus to comply with the Policies lies upon the cardholder.

Fragmenting a PCard order is not easy. All PCards have a single purchase limit of $5,000 or lower. Any order over $5,000 will automatically decline. A cardholder or merchant would have to deliberately split an invoice into two or more invoices to circumvent the declining process.

The PCard training guide currently lists ‘fragmenting/pyramiding’ as an unallowable practice. What I would like to stress to our campus community is the severity of this violation and the consequences that will occur if a cardholder fragments an order over $5,000. Even if a fragmented order is identified by the departmental reconciler or approver and the charge is reversed, the State need only prove intent to fragment a charge for a cardholder to be held accountable.

The adjoining article details the definition and consequences of fragmenting orders. While these policies have always been in place, enforcement of the violation procedures will begin February 1, 2005. Please take a moment to read through the article. If you have any questions regarding the Procurement Policies, please contact Manager of Purchasing, Gary Sapp at (520) 621-1721; gsapp@u.arizona.edu or Senior Buyer, Ted Nasser at (520) 621-5449; enasser@u.arizona.edu. For questions about Purchasing Card Policy, please contact Misty McCormick at (520) 621-3288; sandberm@u.arizona.edu.

Thank you for helping us to comply with these important Policies and your continued support of the Purchasing Card program.

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Fragmenting or pyramiding (artificially dividing) orders is prohibited by the Arizona Board of Regents Procurement Policy #3-803, Subsection D, Paragraph #1, which states as follows:

1. Procurements Not Exceeding $35,000

   Any procurement which does not exceed an aggregate dollar amount of thirty-five thousand dollars may be made in accordance with *procedures promulgated by the procurement officer, except that the procurements shall be made with such competition as is practicable under the circumstances. Procurement requirements shall not be artificially divided or fragmented so as to constitute a purchase under this subsection and to circumvent the source selection procedures required by Subsection B (Competitive Sealed Bidding) or Subsection C (Competitive Sealed Proposals) or Subsection 3-804.B (Procurement of Professional Services and Construction Services).

*Procedures Promulgated by the Procurement Officer: U of A Purchasing Policy 4.3. Purchases from $5,000 to $35,000 will be made on the basis of an informal competitive process.

Policy: Since the P-Card does not allow for purchases in excess of $5,000, you would have to fragment/pyramid orders to purchase an item, or items which exceed that amount. If the purchase will exceed $5,000, you must submit the order by on-line requisition OLR/dPR.

Effective February 1, 2005, cardholders violating the above policy will be sent a memo, with copies to the P-Card Liaison, Dean, Director, and/or Department Head, stating they have violated the policy and their P-Card is suspended for three months. A second violation will result in their P-Card being permanently revoked, and may result in civil and/or criminal penalties under Arizona Revised Statute §41-2616.

Civil Penalties: Personally liable for the recovery of monies paid plus twenty percent of such amount and interest from the date of payment and all costs and damages arising out of the violation (including attorney’s fees), and loss of job.

Criminal Penalties (class 4 felony): Up to 2 1/2 years in jail (presumptive sentence), up to a $150,000 fine, and loss of job.

Sources:
Arizona Revised Statutes: http://www.azleg.state.az.us/ArizonaRevisedStatutes.asp

Your Guide To Purchases Requiring Competition

It has come to our attention there is some confusion on campus concerning the dollar limits for purchases requiring competition. This is just a quick guide to understanding the competitive requirements.

Assuming that the product/service is not covered by a contract or a sole source justification:

Any requisition of $5,000 or over total (not per-line item) must have a minimum of three proposals or bids. It has become a fairly widespread misconception that the competitive process depends on the cost of each line item – that it does not matter what the total of the requisition is as long as each individual item is under $5,000. Unfortunately, line-item costs have nothing to do with the competitive requirements. Current policy requires that we use the total of the requisition as one of the deciding factors for the competitive process.

• Purchases between $5,000 and $35,000 will be made on the basis of informal competitive practices (i.e., fax, phone or written) to a minimum of three vendors. The buyers will make a good faith effort to include Small Business Program targeted businesses in the informal proposal or bid process. Purchasing is responsible for handling the solicitation, but departments may, if they choose, secure the solicitation and submit results as attachments to the requisition.

• For purchases of $35,000 and over, the Arizona Board of Regents Procurement Code mandates there be sealed competitive proposals or bids. This process can be accomplished through the issuance of either a Request for Proposal or Request for Bid which will be issued by the Purchasing Department.

Assuming the product/service is covered by a contract:

• Department should submit a written quotation from the vendor that lists applicable contract number as an attachment to the requisition.

Assuming you wish to make a sole source purchase:

• Requisition must be accompanied by a sole source justification written by the end user (not the vendor). This justification must state the following:
  - What is unique about this piece of equipment?
  - Why do we require these unique features?
  - The vendor chosen is the only source for the product.

Note: Pricing, discounts, etc., are not a consideration for sole source procurements and cannot be used in the justification. (See the May/June 2004 Tips for additional information on Sole Sources.)

In all of the above circumstances, methods of the competitive process, and/or the validity of the sole source are at the exclusive discretion of the buyer.

Purchasing is aware that there are always special circumstances, departmental concerns, etc. We try not to make unilateral decisions. If we have reservations, information or other solutions, we will discuss these with the department representative and try to come to a solution that is both advantageous to the department and within the parameters of the Arizona Board of Regents and University procurement policies.

Please feel free to call Purchasing at (520) 621-1747 and ask to speak to one of the buyers with any questions or concerns you may have when you are anticipating a large acquisition. We appreciate being involved at the beginning of the process allowing us the time to follow all policies and procedures.
It has been our policy in the past that all contracts or agreements for accommodations be processed by Purchasing or the Contracting office. Because we have numerous requests to sign agreements with the same hotels, motels and resorts, we have streamlined the process and have set up Master Agreements for hotel services with various hotel/motel/resort facilities.

This allows departments to make their own arrangements, pursuant to master terms and conditions, without having to send each contract agreement to Purchasing or Contracting for signature. Each hotel/motel/resort facility is responsible for sending departments a “Confirmation” or an “Event” form. If your department receives a form that contains terms and conditions, other than whom, what, when, and where, please contact Contracting, Ernette Leslie, at (520) 626-3919 or fax a copy of the form to Contracting at (520) 621-9847 (Attn: Ernette Leslie).

Each form must be signed by your Business Manager as long as it contains only who, what, when, where and the following statement “the arrangements are pursuant to the terms and conditions of the Master Agreement.” If your department is unsure or has questions, please call or email Contracting at (520) 626-3919 or ecleslie@u.arizona.edu.

The University of Arizona has Master Agreements in place with the following hotel/motel/resort facilities:**

Adobe Rose Inn, 940 N. Olsen Ave., Tucson, AZ (520) 318-4644

Doubletree Hotel at Reid Park, 445 S. Alvernon Way, Tucson, AZ (520) 323-5244

Embassy Suites - Tucson International Airport, 7501 S. Tucson Blvd., Tucson, AZ (520) 573-0700

Four Points Sheraton - Tucson University Plaza, 1900 E. Speedway, Tucson, AZ (520) 327-7341

Hampton Inn - Tucson Airport, 6971 S. Tucson Blvd., Tucson, AZ (520) 918-9000

Hilton Sedona Resort & Spa, 90 Ridge Trail Drive, Sedona, AZ (602) 952-4900

Hilton Tucson East, 7600 E. Broadway, Tucson, AZ (520) 721-5600

Hilton Tucson El Conquistador Golf and Tennis Resort, 10000 N. Oracle Rd., Tucson, AZ (520) 544-5000

Holiday Inn Express Hotel & Suites - Tucson Mall, 620 E. Wetmore Rd., Tucson, AZ (520) 202-5000

InnSuites, 475 N. Granada, Tucson, AZ (520) 622-3000

Little America Hotel, 2515 E. Butler Ave., Flagstaff, AZ (928) 779-7900

Marriott Courtyard - Tucson Airport, 2305 E. Executive Dr., Tucson, AZ (520) 290-8680

Marriott Courtyard - Williams Centre, 201 S. Williams Blvd., Tucson, AZ (520) 290-8680

Omni Tucson National Golf Resort & Spa, 2727 W. Club Drive, Tucson, AZ (520) 877-2361

Radisson Hotel City Center, 181 W. Broadway, Tucson, AZ (520) 624-8711

Radisson Suites Hotel, 6395 E. Speedway Blvd., Tucson, AZ (520) 239-1118

Riverpark Inn, formerly the Pueblo Inn, 340 S. Freeway, Tucson, AZ (520) 622-6611

Sheraton Tucson Hotel & Suites, 5151 E. Grant Rd., Tucson, AZ (520) 323-6262

University Marriott, 880 E. Second St., Tucson, AZ (520) 792-4100

Westward Look Resort, 245 E. Ina Rd., Tucson, AZ (520) 297-1151

**(An authorized signatory in Purchasing or Contracting must still sign any agreements or contracts with any hotel/motel/resort facility not listed above).

In addition to the information regarding Master Agreements with various hotel/motel/resort facilities, the following question has arisen:

If a University department, overestimates and/or overbooks the room and food services to be provided by a hotel to the University, does that department have to pay for any of the unused rooms or services?

Yes, and depending upon the terms of the agreement with that particular hotel, the fees may be substantial. Any time the University in good faith reserves space at a hotel for an upcoming event, the originating department incurs financial liability for those services which the hotel has held for the department, which the hotel can document it could not resell and which the department did not use. The documented damages will be billed to the reserving department.

Before selecting a specific hotel for events to be held in the future, where there may be some discretion, call Contracting, Ernette Leslie, at 626-3919 to determine what potential liability the department is incurring.
Tips
Procurement and Contracting Services

January / February 2005

Name: The Adobe Rose Inn
Address: 940 N. Olsen Avenue
          Tucson, Arizona 85719
Phone: (520) 318-4644
Business: Bed and Breakfast Inn
Vendor #: V0000575572
Contact: Marion and Jim Hook,
          Innkeepers
Email: Innkeeper@aroseinn.com

Taking a stroll into the Adobe Rose Inn Bed and Breakfast is like taking a stroll down the memories of the old elegance of Tucson. Just two blocks east of the University, the Adobe Rose Inn is nestled quietly in a fantastic array of yellows, greens, blues, and warm browns in each of its six rooms and main house. Originally built in 1933, the Inn is now owned by Marion and Jim Hook, originally from the midwestern city of Milwaukee, Wisconsin. They have put their own personal touches to the Inn, enhancing the already classic facility.

Tall, thick walls and desert landscaping provide total privacy and safety, surround the inn, and immediately put one at ease away from the trials and tribulations of a busy day. The warmth and comfort of the 1930's Santa Fe architecture and lush green vegetation welcome you. Each room has its own individual personality, some with Kava fireplaces, stained glass windows and skylights, while all have private bathrooms and some have microwaves and refrigerators. All have either natural hardwood or Mexican tile floors.

Various University of Arizona departments are already utilizing the Adobe Rose Inn and they include: Physics, Poetry, UA Presents, Social & Behavioral Sciences, Steward Observatory, NOAO, Biochemistry, Center for Latin Studies, Cell Biology and Anatomy, Chemistry, Classics, Cognitive Sciences, English, Entomology, Finance, Flandrau Science Center, Geosciences, History, Lab of Tree Ring Research, Linguistics, Lunar & Planetary Lab, Mathematics, Medieval & Reformation Studies, Molecular Biology, NeuroBiology, Nursing, Outreach, Pathology, and Pharmacology.

Even though this list is quite extensive, Marion and Jim are always looking for more departments to serve by housing them at the Adobe Rose Inn. Please give them a call today at (520) 318-4644.

For more information on this business or any other Small, Minority or Woman-Owned business, please call Ernie Webster, Manager, Small Business Supplier Diversity Program at (520) 621-2888.

Frequently-Asked Questions

Conflict Of Interest

1. May the University buy goods/services from a University employee?

Answer:

Yes, University departments may purchase from a University employee but only after 1) completing the competitive bidding process; 2) disclosing the Conflict of Interest by sending a Substantial Interest Form to Purchasing and Contracting, and 3) if the University employee refrains from all selection and participation in any manner in the transaction on behalf of the University.

2. May the University buy goods or services from a University employee's relative?

Answer:

Yes, but 1) only after disclosing the potential Conflict of Interest by submitting a Substantial Interest Form to Purchasing and Contracting, 2) only if the employee refrains from selection and participation in every aspect of the transaction, and depending upon Purchasing and Contracting's determination, which will be based on the definition of the relationship pursuant to Arizona Revised Statute §38-502, and 3) the relative may have to complete the competitive bidding process.

3. Is it possible for Purchasing and Contracting to make an exception to the Conflict of Interest ruling?

Answer:

No. There is no exception allowable under A.R.S. §38-502 through 38-511. The penalties to both the Department approving the payment to the employee or employee's relative and the employee may be substantial.

Please contact Cyndy Caccavale at (520) 621-3857 if you have any questions.
### Stores Blanket Vendor Additions January/February 2005

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Vendor Address</th>
<th>Phone #</th>
<th>PO #</th>
<th>Commodity</th>
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</thead>
<tbody>
<tr>
<td>General Power, Inc.</td>
<td>970 S. Campbell</td>
<td>622-6735</td>
<td>958207</td>
<td>Batteries</td>
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### Stores Blanket Vendor Changes January/February 2005

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Change made to Vendor</th>
</tr>
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<tbody>
<tr>
<td>Dieugenio Tool Center</td>
<td>Purchased by Do All Industrial Supply (PO 955678)</td>
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<tr>
<td>Imaging Systems of Arizona</td>
<td>Name changed to Davidson Imaging Systems (PO 955876)</td>
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<tr>
<td>Simplex Grinnell</td>
<td>New address: 3865 N. Business Center Dr., #109</td>
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<tr>
<td>Southwest Hose</td>
<td>New address: 4065 S. Country Club, #101</td>
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<tr>
<td>Tiger Promotions</td>
<td>New address and phone number: 2840 E. Darlene Dr., Vail AZ 219-5563</td>
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<tr>
<td>Video Workshop</td>
<td>Name changed to Firehouse Pictures (PO 955648)</td>
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</table>
# PACS Reference Guide

<table>
<thead>
<tr>
<th>PACS</th>
<th>Phone</th>
<th>Fax</th>
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<tbody>
<tr>
<td>Purchasing Office</td>
<td>621-1747</td>
<td>621-5179</td>
</tr>
<tr>
<td>Contracting Office</td>
<td>626-3919</td>
<td>621-9847</td>
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<td>Stores Accounting Customer Service</td>
<td>621-7305</td>
<td>621-1245</td>
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<tr>
<td>Purchasing Card Program</td>
<td>621-3288</td>
<td>621-1245</td>
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<tr>
<td>Supplier Diversity Program</td>
<td>621-2888</td>
<td>621-9847</td>
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<tr>
<td>Arizona Buyways E-Commerce Helpline</td>
<td>626-8979</td>
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<tr>
<td>FRS dPR/OLR Helpline</td>
<td>626-4000</td>
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<td>OLR/dPR Attachments “Only” Fax</td>
<td></td>
<td>626-8008</td>
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<tr>
<td>Stores (Warehouse Operations)</td>
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<td>Customer Service Line</td>
<td>621-7975</td>
<td>621-3533</td>
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<td>AHSC Receiving</td>
<td>626-4051</td>
<td>621-8459</td>
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<td>Central Receiving</td>
<td>621-3877</td>
<td>621-3196</td>
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<td>Printing &amp; Graphic Services</td>
<td>621-2571</td>
<td>621-6478</td>
</tr>
<tr>
<td>Surplus Property</td>
<td>621-1754</td>
<td>798-0719</td>
</tr>
</tbody>
</table>

## Web Sites:

- PACS Home Page Address: [http://pacs.web.arizona.edu/~pacs/pacs_home.html](http://pacs.web.arizona.edu/~pacs/pacs_home.html)
- Credit Card Programs: [http://w3.arizona.edu/~pacs/purch/home.html](http://w3.arizona.edu/~pacs/purch/home.html)
- Printing & Graphic Services: [http://w3.arizona.edu/~pacs/printinggraphics/home.html](http://w3.arizona.edu/~pacs/printinggraphics/home.html)

*From the PACS Home Page you can “click” to see the individual home pages of all PACS areas.*

## How To Access Tips Newsletter

Tips can be accessed online at the following Web site:
[http://w3.arizona.edu/~pacs/pacs_home.html](http://w3.arizona.edu/~pacs/pacs_home.html)

Therefore, if you prefer viewing Tips online and no longer wish to receive a paper copy in the mail, please notify Georgeanne Tesi via email at gtesi@u.arizona.edu or fax at 621-6478. She will remove your name from the mailing list. If you do nothing, you will continue to receive your copy in the mail.

### To change your address:

Send a memo or email to Georgeanne Tesi indicating your old address as it now appears on the mailing label and provide her with your new address. Georgeanne's mailing address is:

Printing & Graphic Services  
Attn: Georgeanne Tesi  
P.O. Box 210058  
Room 102, West Stadium