

INFORMATIONAL CIRCULAR NO.: IC25-03

DATE: October 10, 2024

SUBJECT: Revised Clarification on Agency Purchasing Authority (Replaces 17-A-005 and 17-A-009)

EFFECTIVE DATE: October 10, 2024

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SUMMARY: Revised Clarification on Agency Purchasing Authority

This informational circular is being issued to define the basis for determining the level of authorization necessary for agency purchases from a single supplier during the budget year.

K.S.A. 75-3739(e) allows the Director of Purchases, with the approval of the Secretary of Administration, to delegate authority to any state agency to make purchases of less than \$25,000. Under this statute, the Director of Purchases has generally authorized for state agencies to spend up to \$5,000 with one supplier during each fiscal year. The fiscal year has been defined to be equivalent to the budget year. Under this authorization, the agency has the ability to spend up to \$5,000 with one supplier using their delegated purchasing authority during a budget year. Please note that any spend which occurs using a prior authorization will also accumulate toward the \$5,000 delegated purchasing authority limit.

Example A: An agency has a contract with Payless (supplier) for shoes. The agency has already purchased \$10,000 of contracted items. With the same supplier, the agency makes a purchase of other items for \$1,000 for which there is no contract. The agency can use their delegated purchasing authority for the \$1,000 purchase of other items without approval from the Office of Procurement and Contracts (OPC). If the agency discovers later in the same budget year that they need to buy an additional \$4,500 of other non-contract items, then authorization from the OPC must be obtained prior to the commitment to purchase the additional items. The non-contract spend (agency delegated authority) now exceeds the agency delegated purchasing authority amount. Any further plan to purchase non-contract items from this supplier would require additional authorization from OPC.

Example B: An agency has determined they need to purchase \$10,000 of items for which there is no contract from a particular supplier. The agency must seek Prior Authorization from OPC before a commitment is made to purchase the items. Before submitting for the Prior Authorization, the agency should consider additional multiple purchases to this supplier during the remainder of the budget year and submit the prior authorization for that projected amount.

Since the Prior Authorization was equal to or greater than \$5,000, the agency has no additional agency delegated purchasing authority remaining with that supplier for the budget year.

Please see the chart below.

Amount of Allowable Agency Spend with a Supplier in a Single Budget Year

<u>Contract Spend</u>		<u>Non-Contract Spend</u>
Agency Contract	State Contract	Agency Delegated Authority up to \$5,000
Unlimited or Limited, per Contract		Any additional spend requires a Prior Authorization

For individual purchases with one supplier which are under \$5,000, but total spend for the supplier is \$5,000 or greater for the budget year, approval from OPC is required unless the items purchased from that supplier are already on an OPC-approved contract.