



Purchasing Procedure

Chapter 5: Finance

Procedure Number: PR528.04 (Superseded PR528.03)
Effective Date: 10/05/2023
Responsible Manager: Financial Management Director
Reviewed by: Chief Operating Officer, Health Operations Team
Approval: Financial Management Director

Purpose Statement

This procedure outlines the required steps to purchase goods or services not covered by a separate MDH procedure.

This procedure does not cover purchasing cards, employee expense reimbursements, mobile devices, incentives, car rental, food, beverages, consumable office supplies, conferences, printed materials, State Register requests, professional or technical services, or special expenses. MDH has other procedures that outline the required steps for these purchases (see Related Information section at the bottom for links to the other procedures).

Purchases will be approved by the department in compliance with state statutes, federal regulations, Department of Administration guidelines, and good business practices.

The Financial Management (FM) Procurement Unit is the liaison for Minnesota Department of Health (MDH) staff, vendors, and the Department of Administration and shall be responsible for ensuring compliance with state procurement policies, purchasing limits, and the department purchasing approval threshold.

All purchase requests must be entered into PRISM. To the extent possible, orders under \$50 should be grouped so they exceed \$50. Urgent orders under \$50 that cannot be grouped may be purchased by an employee and claimed for reimbursement according to [MDH Procedure PR509– Reimbursement of Business/Travel Expenses](#). Non-emergency, non-urgent orders may only be placed outside of PRISM under special circumstances upon approval by the FM Procurement Unit.

Request for orders equal to and over \$500 must be approved through PRISM by division-designated approvers according to the procedure below. Orders under \$500 may be self-approved by the Division Purchasing Liaisons (DPLs) or may require approval by a division specific procedure. FM and MN.IT cannot override or skip required approvals. Please note: a requestor can also be an approver, however due to separation of duties, the requestor cannot approve a request that they have entered into PRISM.

Applicability

This procedure applies to all MDH staff and management, MN.IT staff and management, contractors, divisions and offices, councils, boards, commissions, and other entities associated with the Minnesota Department of Health.

Definitions

Department of Administration's [Glossary of Common Procurement Terms](#)

TG/ED/VO Vendor – Targeted/Economically Disadvantaged/Veteran Owned vendor that is certified through the State of MN may receive a 12% preference in selling their products or services to the state.

Equity Select – MDH can directly award a purchase order up to \$100,000 to a TG/ED/VO vendor if there is no governing contract.

Division Purchasing Liaison (DPL) – The point person for purchasing within an MDH program; the DPL typically begins the purchasing process by entering a purchasing request in PRISM. Can self-approve purchases up to \$500 unless division specific procedures state otherwise.

Activity Manager/Recipient – The person who is the end user of the item being ordered.

PRISM Approver – Division designated approvers of purchases of \$500 or more unless division specific procedures state otherwise. They verify that purchase requests in PRISM have the appropriate budget string, funds are available in SWIFT for the designated budget, and the requested good or service is an appropriate use of state funds. Also review attached paperwork for any missing or inaccurate information.

PRISM (Purchasing, Receiving, Inventory and Stockroom Management) System – MDH requisition system used to initiate the purchase of goods/services.

MRQ – Tracking number assigned to each requisition transaction entered into PRISM.

Purchasing Procedure Steps

Step No.	Responsible	Procedural Step
1.	Assistant Division Director or Designee	1. Assign Division Purchasing Liaison(s) (DPL). 2. Designate the PRISM approver(s) and dollar thresholds for each Department ID.
2.	Activity Manger/Recipient	Determine the need for goods or services. Notify assigned DPL of needed item.

Step No.	Responsible	Procedural Step
3.	Division Purchasing Liaison	Obtain quotes/pricing from vendors, if applicable. Whenever possible, try to utilize TG/ED/VO vendors; check the targeted vendor list to identify eligible vendors. Request purchase of good or service by entering required information into PRISM. Note MRQ number for future reference.
4.	PRISM Approver	PRISM will send an auto generated e-mail that a purchasing request is ready for approval. Log into PRISM and verify the following prior to approving: • The appropriate SWIFT account code has been budgeted for the item being purchased, • The appropriate funding source was selected, • Funds are available in SWIFT for the selected funding source, and • The purchased good/service is an appropriate use of state funds. <i>Note: If an order changes after approvals are entered into PRISM due to any of the following reasons, the PRISM approver must send an e-mail approval to the appropriate FM buyer:</i> • Price increases greater than 10% or greater than \$500, • Change causes an order under \$500 to become over \$500, • Funding source is changed, or • Quantity of items ordered increases by 10%.
5.	Financial Management, Purchasing Unit	1. Review approved PRISM order and follow-up with the DPL for missing or inaccurate information. If the order changes during this process, obtain new approvals as required. 2. Once approvals are complete, proceed as follows: • For items on contract, place the order directly with the vendor per contract terms. • For non-contract items: ○ \$0-2,000 place order directly with the vendor; ○ \$2,000.01-\$5,000 – review the targeted vendor list and obtain quotes as necessary; ○ \$5,000.01-\$100,000 – if available, follow the Equity Select process and directly award purchase order

Step No.	Responsible	Procedural Step
		○ \$5,000.01-\$10,000 – review the targeted vendor list and obtain quotes as necessary; a minimum of two solicitations sent with a minimum of one sent to a TG/ED/VO group ○ \$10,000.01-\$50,000 – If not using the equity elect process, an event must be processed and the solicitation must be posted through the SWIFT system for a minimum of 7 days per ALP. ○ \$50,000.01+ - Dept of Admin must process as an event and the solicitation must be posted through the SWIFT system per ALP. Notify DPL that request was forwarded to the Department of Administration and provide updates as they become available. For items greater than \$5,000.00, Request for Bid or solicitation, prepare bid tabulation, make award and place order with vendor.
6.	Facilities Management	If purchase was a good, 1. Receive products and physically verify the accuracy of delivery against the purchase order and enter receipt into PRISM and SWIFT. 2. Submit completed packing slips to Financial Management. 3. Deliver product to Activity Manager/Recipient.
7.	Activity Manager/Recipient	Inspect item received. If incorrect, damaged, or defective contact designated buyer in Financial Management, Procurement Unit within two weeks of receipt – See Return Process below. <i>Note: The requestor must contact the appropriate FM Buyer to initiate a return within two weeks of receipt of order (items over 30 days of receipt of order cannot be returned). Items costing \$50 or more will be returned or exchanged if damaged or defective.</i>
8.	Activity Manager/Recipient	If goods and/or services have been provided or completed to satisfaction of the State, refer to the User Guide for Approving Invoices and Requesting Payment.
9.	Financial Management	For services: Receive written approval from program. Process payment to vendor.

Step No.	Responsible	Procedural Step
		For goods: Complete three-way match between invoice, packing slip and purchase order. Process payment to vendor.

Item Return Process

Step No.	Responsible	Procedural Step
1.	Activity Manager/Recipient OR Facilities staff	<i>This process may be initiated by either Facilities staff who receive/open a package upon receipt OR by the Activity Manager/Recipient.</i> 1. Contact the appropriate FM Buyer to initiate a return within two weeks of receipt of order (items over 30 days of receipt of order cannot be returned). 2. If this step is initiated by Facilities staff, notify the Activity Manager/Recipient of the need for product return.
2.	Financial Management	1. The buyer will contact the vendor to arrange replacement or return of the item. 2. Usually the vendor will send an “RMA” (Return Merchandise Authorization), which has a barcode that you would attach to the package that is to be returned. 3. Update PRISM to show status of purchase. 4. Provide follow-up and corrective action to ensure goods and services meet specifications and price. 5. If there are issues, determine cause of difference and negotiate settlement with Activity Manager/Recipient or vendor.
3.	Activity Manager/Recipient	<i>This step can be skipped if the return is initiated by Facilities staff.</i> 1. Following Facilities Mail and Delivery Procedures, bring the package down to the Service Center to have the item sent back to the vendor via Fed Ex or USPS, as appropriate.
4.	Facilities	1. Return item according to Facilities Mail and Delivery Procedures.

Related Information

[MDH Procedure PR526 - Professional/Technical Contracts](#)

[MDH Procedure PR501 - Use of Incentives Policy](#)

[MDH Procedure PR551 Incentives Purchasing Procedure](#)

[MDH Procedure PR509– Reimbursement of Business/Travel Expenses](#)

[MDH Procedure PR516 – Conference and Meetings in External Venues](#)

[MDH Procedure PR532- Graphic Design Services, How to Obtain](#)

[MDH Procedure PR533 – Food & Beverages for Meetings](#)

[MDH Standard ST502 – Mobile Device](#)

[MDH Procedure PR507 - State Register Procedure](#)

[MDH Procedure PR540- Printing Services, How to Obtain](#)

[MDH Procedure PR543 – Use of Rental Car Procedure](#)

[MDH Purchasing Card Intranet Page](#)

[Approving Invoices and Requesting Payment User Guide](#)

[TG/ED/VO List \(Directory\)](#)

[Equity in Procurement](#)

History

- Replaced PR528.01 aka Policy 802.05 (6/10/2019)
- Replaced PR528.02 (2/15/2023)
- Replaced PR528.03 (10/05/2023)