



ARIZONA DEPARTMENT OF ADMINISTRATION  
STATE PROCUREMENT OFFICE

## STANDARD PROCEDURE

### DESCRIPTION

**Title:** Master Contract Setup in ProcureAZ

**Effective:** May 22, 2015

**No.** SP 023

**Revision:** 0

This Standard Procedure is to identify and instruct procurement officers on decision points that can affect access to ProcureAZ documents for agency department and accounts payable users.

The Standard Procedure is not intended to provide a “how to” guide on document setup. Please refer to the ProcureAZ User Guide on the SPO website for ProcureAZ training, vocabulary definitions, and general instruction.

### STANDARD PROCEDURE

#### 1. General Tab

- 1.1 Contract Instructions: Procurement officer shall enter their first and last name, phone number, and email address. This field becomes visible to Department Access users should they have questions regarding the contract.
- 1.2 Master Blanket/Contract End Date (Maximum). Procurement officer shall enter the maximum contract date if all extensions are exercised. This field does not indicate that a contract is active, but only reflects the possible maximum contract date when awarded. The time entered shall be 11:59:59 p.m.
- 1.3 PO Type: There are four options for PO Type in ProcureAZ.
  - a) Blanket. This option is always selected for Master Contract Setup.
  - b) Contract. This option is not currently in use in ProcureAZ.
  - c) G2B Blanket. This option will establish punch-out contracts and is limited to the State Procurement Office at this time.
  - d) Open Market. This option is for a standard purchase order—not a master contract. Contract releases cannot be processed on an open market purchase order.
- 1.4 Release Type. Release orders are purchase orders of items that exist on an active contract. Release orders are automatically generated from a release requisition, after receiving final approval.
  - a) A direct release does not require a procurement officer with a Basic Purchasing role to release the order to the vendor. The requester or department super user

**NOTICE:** This Standard Procedure is provided as a resource to the procurement officers of the agencies, boards and commissions of the State of Arizona. While this Standard Procedure is an example of a legally compliant, procedurally efficient and fiscally prudent process, it is not intended to represent the only such process allowable under the Arizona Procurement Code, ARS 41 § 41-2501, et. seq. Depending on the circumstances surrounding a given procurement, deviation from this Standard Procedure may be necessary and/or preferable. Procurement officers should consult with their agency chief procurement officer and/or the State Procurement Office if they have any questions regarding the application of this Standard Procedure.

releases the order to the vendor. All statewide contracts are set up as a direct release.

- b) A standard release requires a procurement officer with a Basic Purchasing role to release an order to the vendor.

#### 1.5 Special Purchase Types (for reporting requirements):

- a) APC exempt — contracts and purchase orders that may be processed in ProcureAZ but are not procured under the statutes and rules of the Arizona Procurement Code
- b) Competition Impracticable — solicitations and contracts that conform to the requirements of R2-7-E303
- c) Emergency — contracts and purchase orders that conform to the requirements of R2-7-E302
- d) Grant — contracts that are processed in ProcureAZ but follow grant statutes (A.R.S. § 41-2701 et. seq.) rather than the Arizona Procurement Code
- e) GSA Contract — purchase orders that are processed following the requirements of Standard Procedure 041
- f) Not Practical to Quote — purchase orders not exceeding the informal bid limit that has a written determination that competition is not practicable under the circumstances
- g) Set-aside — contracts and purchase orders that are awarded to set-aside vendors
- h) Sole Source — in addition to meeting the requirements of R2-7-E301, sole source purchase orders shall contain supporting documentation attached in ProcureAZ
- i) 1122 Program — contracts and purchase orders that are awarded through the 1122 Program

#### 1.6 Receipt Method (quantity or dollars). The receipt method is established as a default on the General Tab and flow through to each line item, although you may override the option on each line.

- a) Receipt by Quantity — generally, this is used when a known quantity is ordered and can be received either in whole or in part. Quantities may include the following units of measure: Each, hour, square feet, etc.
- b) Receipt by Dollars — receiving by dollars is used for progress payments and blanket purchase orders where partial payments will be made against a line

## 2. **Items Tab**

### 2.1 Commodity code selection. Each commodity line requires a five-digit NIGP commodity code. Select the commodity code that most matches the line item description. NIGP codes from 000 to 899 are commodities and NIGP codes from 900 to 999 are services. Only one commodity code can be selected for each line.

- 2.2 Line item description. Converted requisitions and bids automatically generate line item descriptions. Procurement officers should modify the description to be more complete to increase results when searching for items to purchase. Procurement officers are encouraged to include similar words in line descriptions—the department access user can remove the additional words from the line when creating the requisition.
- 2.3 Line item for freight/shipping/delivery. The State's financial system (AFIS) requires freight, shipping and/or delivery charges to be its own separate line item if freight, shipping or delivery is not included in the unit cost. Procurement officers shall use NIGP commodity code 962-86 when establishing freight/shipping/delivery lines.
- 2.4 Unit cost and quantity configuration at the line item. For term contracts where an agency will be creating purchase order releases, it is recommended that either the unit cost or the quantity be set to zero for a department access user to create a proper requisition release. If the contract is negotiated to establish unit cost, enter a zero for the quantity. This will allow a department user to create a requisition release for the quantity needed while locking in the unit cost from the contract.
- 3. Vendor Tab**
- 3.1 Payment terms. Payment terms from the vendor's profile flow through to purchase order. If a procurement officer has negotiated payment terms, select the appropriate term from the list available. The payment terms will then flow through to the invoice processing portion of ProcureAZ, regardless of what is on the invoice.
- 4. Control Tab**
- 4.1 Contract dollar limits. For contracts that are awarded with a maximum dollar amount (construction contracts are a good example), the aggregate total dollar amount of all the purchase order releases cannot exceed the total dollar amount in this field. Adjustments to the total dollars are processed with a change order. Leaving the field blank means an unlimited dollar amount may be spent.
- 4.2 Master Blanket/Contract End Date. Not to be confused with the field with a similar name on the General tab, this field indicates the current active term of the contract. Contracts must be extended before they expire. Once the End Date is reached, the contract is no longer available for extensions or change orders to existing purchase order releases. Open purchase order releases on expired contracts continue to be available for receiving and invoice processing.
- 5. Reminders Tab**
- 5.1 Insurance certificates. It is recommended that procurement officers place a reminder with a date of one week before an insurance certificate expires so that ProcureAZ will email the officer alerting them of an expiring insurance certificate.
- 5.2 Contract extensions/renewals. It is recommended that a reminder be added at least two months prior to a contract expiration for a contract that may be extended and at least four months prior to a contract expiration where no extensions are available. More time may be needed depending on the complexity of the solicitation and contract award.

**5. EFFECTIVE**

This Standard Procedure is hereby authorized and effective this 22<sup>nd</sup> day of May 2015, unless otherwise revised or repealed.



Barbara M. Corella, C.P.M., CPPB  
State Procurement Administrator