



# STATE CONTROLLER'S BULLETIN

Edward Karass  
State Controller

Rebecca M. Wyke, Commissioner  
Administrative & Financial Services

Bulletin #FY08-02

## Changes to Open Market Purchasing Threshold, Increase in Capital Threshold, New Functionality and Corresponding Workflow Changes in AdvantageME

The purpose of this bulletin is to inform the entire AdvantageME community of several significant changes in procurement, accounting, and budgetary policy initiated by the Office of the State Controller, Division of Purchases, and the State Budget Office. The changes are related to an increase in the Open Market purchasing level, an increase in the Capital threshold, and several related items pertaining to AdvantageMe to facilitate these changes as well as other helpful workflow revisions. These policy and procedure changes will be introduced through the Bulletin and will be effective October 1, 2007.

### PROCUREMENT

Beginning October 1, 2007, the Agency-delegated limit for Open Market purchases will increase from \$2,500 \$5,000.00. The corresponding workflow schema in AdvantageME workflows has been adjusted to reflect the new limit. Additionally, the short form contract now mirrors the change in the Open Market limit of \$5,000. Contracts for services up to \$5,000.00 in value may use the BP18 form commencing October 1<sup>st</sup>. You must remember that the BP18s are limited to one per fiscal year, and they cannot be amended. If it's likely that your small contract will require amending, it is to your advantage to start with the BP54, even if the initial amount is below the \$5,000 threshold.

Beginning October 1<sup>st</sup>, contract (CT) documents will require only one agency level of approval before they workflow to the Division of Purchases. The removal of the second layer does not relieve the agency or the Division of Purchases to ensure that contracts satisfy the guidelines established by Executive Order 01 FY08/09 or its successor document. Therefore, a contract document has been developed and implemented: BP54-EO Compliance. The signature page of the BP54 includes a statement that the contract is consistent with the Executive Order and satisfies the requirements, making a separate Department Designee approval unnecessary. Until the new BP54-EO Compliance is adopted, you may still use the standard BP54, and include a signed Executive Order Compliance Form (formerly DP FY04-1) when you send a contract for review.

Please Note: The Department Designee approval role has been removed ONLY from the CT workflow in AdvantageME. Requisitions (RQS/RQN) and non-Warehouse Delivery Orders (DO) for commodity purchases, which are not signed by an agency official will still workflow to the Department Designee before they workflow to Purchases.

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14 State House Station  
Burton M. Cross Building, 4<sup>th</sup> Floor  
Augusta, ME 04333-0014

Phone: (207)626-8420  
Fax: (207)626-8422

www.maine.gov

When processing unencumbered contract in AdvantageME, the accounting or funding elements are now optional when using Event Type PR07. You may now set up an unencumbered contract using PR07 without accounting elements, and be able to copy-forward to a PRC using a valid accounting line that your agency determines is appropriate for the circumstance. The option to include accounting elements when setting up an unencumbered contract continues to remain available. Please remember that if the lines are included on the CT, the PRCs will copy-forward to that specific accounting line.

*Correcting Existing Unencumbered Contracts (optional): If it is determined that the agency desires to change an existing unencumbered contract so that any accounting line may be used when processing payments against it, please follow the instructions on the attached document: Correcting Existing Unencumbered Contracts.*

A new Event Type “PR88” will allow you to stage Unencumbered Contracts which span two or more fiscal years. When CT is entered, the current year’s amount should be recorded using Event Type PR07 (with or without accounting elements as discussed above) and NO Budget Fiscal Year. The system automatically defaults to the current fiscal year. The subsequent years should be entered using Event Type PR88 (with or without accounting elements) along the appropriate four-digit Fiscal Year.

The Procurement Team has developed a new CTB – Blanket Contract. Agencies that in past years have applied for “Unencumbered Numbers” will be able to record a CBT using an unencumbered number within AdvantageME. The new CTB document has the following characteristics:

- It does not require a vendor.
- It does not require accounting elements.
- It is unencumbered, and can be staged for subsequent years using Event Type PR88 as discussed in the previous section.
- It has its own Procurement Type: 18 (Blanket Contract).

In Advantage ME, when copying-forward from the CTB to a PRC, you may choose any vendor active within AdvantageME, and charge the payment to any valid accounting line.

CTBs aren’t designed for widespread use as most agencies will never have a requirement to use the CBT. The CTB is to be used in situations where there is a one-time need to pay multiple entities for a common reason. For example, MEMA may receive a grant resulting from flooding disaster, and numerous towns and cities are to receive a portion of that grant. Rather than write multiple (60to 100) BP54 contracts requiring each document to

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be processed individually, MEMA would create a CTB document in AdvantageME. A required explanation of the need for using a CTB instead of writing individual contracts would be attached, including a copy of the MOA or other document that details the agreement between the department and the recipient. When the CTB workflows to Purchases, it will be reviewed to determine whether the departure from standard contracting procedures is warranted.

*Please Note: If the situation is not a one time need to pay multiple entities for a common reason, the request to use a CBT is likely to be denied. The standard BP54 contract documents will be appropriate for use in all but a very few cases.*

Commodity Codes on Contracts for Services has been simplified. The AdvantageME Procurement Team recognizes that searching for appropriate commodity code for your Contracts for Services has been cumbersome. As such, we believe that agencies may find it helpful to limit choices to the following list:

- 96258 - Professional Services (not otherwise classified)
- 96269 - Personnel Services, Temporary
- 96100 - Miscellaneous Services, No. 1 (not otherwise classified)
- 91828 - Computer Hardware Consulting
- 91829 - Computer Software Consulting
- 91830 - Computer Network Consulting

Please remember to change the procurement type on all non – Requisition documents (APO, DO, CT, CBT) from “Unclassified” to the appropriate type from the list below. Only Requisitions (RQS/RQN) should workflow to the Division of Purchases with the “Unclassified” procurement type.

- 1      Unclassified
- 2      Delivery Order
- 3      Agency Purchase Order
- 4      Maintenance Agreement
- 11     Lease/Rental Agreement
- 12     BGS Construction/Misc. (All BGS forms)
- 13     DOT Construction/Misc. (DOT Purview)
- 14     BP18 - \$5,000.00 Contract

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- 15 BP54 – Agreement to Purchase Services
- 17 Cooperative Agreement (U-Maine or Community College Systems)
- 18 Blanket Contract

### ACCOUNTING AND BUDGETING

The Office of the State Controller and the Bureau of the Budget have agreed that the threshold for Capital Asset acquisitions be increased from \$3,000 to \$5,000 to recognize inflationary factors as well as changes in the marketplace. Effective October 1<sup>st</sup> the new threshold will be employed for all purchases of capital items.

Agency personnel should contact the analyst that monitors the agency to discuss any required financial order before it is submitted to reflect this adjustment. Additionally, financial orders transferring allotment from the Capital Expenditures line category to the All Other line category related to technology should reflect 5300 or the appropriate 5300 object, and not 5500. Over the next few months, the Bureau of the Budget will be working with departments and agencies to transfer the portion of the FY 09 technology budget that is currently reflected under 5500 to 5300 so that future technology-related budgets will be reflected under 53 Technology. Technology costs that exceed the new threshold will continue to be reflected under the appropriate 7200 object. Please contact your agency Budget Analyst in the Bureau of the Budget should there be any questions.

*Please Note: The Office of Information Technology, Bureau of the Budget and Office of the State Controller are moving forward with some changes to account coding for technology costs. One of the challenges that OIT has faced over the last several years has been capturing the total cost of technology. With the exception of capital expenditures and OIT cost of goods sold, all technology costs should be coded within the 5300 object class. In order to make this possible, several technology codes within the 5500 category should not be used for any new activity. If your agency has already placed an order or has a contract that includes these 5500 codes, you will have until June 30, 2008 to close those transactions. Any new orders or contracts should be coded to the new object codes within the 5300 series. Attached you will find a list of the codes that will be inactivated at the close of this fiscal year and a list of all of the 5300 codes with the new codes highlighted in yellow.*


As the AdvantageME System continues to mature over the next several months, the Office of the State Controller, Division of Purchases, Budget Office, and Treasury will continue to examine business processes as well as enhancements to the System to facilitate efficiency in conducting the State of Maine's business while maintaining an adequate level of internal controls over the financial administration of state government.

### ATTACHMENTS

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All of the attachments related to this Bulletin may be found electronically on the OSC website [www.maine.gov/osc/admin/controllersbulletins](http://www.maine.gov/osc/admin/controllersbulletins) and at the Division of Purchases website ([www.maine.gov/purchases/forms/index.html](http://www.maine.gov/purchases/forms/index.html)).

Executive Order Compliance Form (Formerly DP FY04-1) (Revised Sept '07)

BP18 - \$5,000.00 Contract (Revised Sept '07)

BP37R-Requisition for Contract/Grant Authorization (Revised Sept '07)

BP54, Agreement to Purchase Services (Revised June '04)

BP54-EO Compliance, Agreement to Purchase Services (New Sept '07)

Amendment Form

Supplemental Information Sheet for Contracted Employees

Debarment Form

Agency Worksheet for Temporary Service Contracts

Bidder Worksheet for Temporary Service Contracts

Rider G – Identification of Country in Which Contracted Work will be Performed.

Technology Character and Object Codes