



# JOINT CIRCULAR

## STATE OF NEW JERSEY

### DEPARTMENT OF THE TREASURY

NO: 21-14-OMB/DPP		ORIGINATING AGENCY OFFICE OF MANAGEMENT AND BUDGET (OMB) DIVISION OF PURCHASE AND PROPERTY (DPP)	PAGE 1 OF 3
EFFECTIVE DATE: IMMEDIATELY	EXPIRATION DATE: INDEFINITE	SUPERSEDES: 01-04-OMB/DPP	
SUBJECT: NON-PURCHASE BUREAU ENCUMBRANCES AND EXPENDITURES			
ATTENTION: AGENCY FISCAL AND PERSONNEL OFFICERS			
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This Circular defines those encumbrances and expenditures which agencies are authorized to process through the New Jersey Comprehensive Financial System (NJCFS) without the involvement of the Purchase Bureau.

#### I. DEFINITION

According to the Attorney General, in Formal Opinion #21 (July 22, 1976), a non-Purchase Bureau transaction is defined as one in which there is an absence of an identifiable purchase interest of the State as a consumer of goods and services, which involves the selection of the supplier and the determination of the price, quantity, and quality of the subject matter of the agreement. In these cases, the Division of Purchase and Property is not considered to have an involvement in agency procurement. In such circumstances, according to the Attorney General's Opinion, "...the statutory law provides for no involvement of the Division of Purchase and Property, but instead allows the direct obligation of State funds by the agency whose appropriated funds are to be used."

Departmental administrators are responsible to ensure that all employees involved either directly or indirectly in the procurement and/or fiscal process be cognizant of established procurement and fiscal procedures prior to entering into any transaction with a vendor that may result in the commitment of State or federal funds. This responsibility includes, but is not limited to, directors of administration, fiscal officers, personnel officers, and program administrators. All agency personnel should avoid informal dealings with vendors.

Where there is a question as to the existence of an identifiable purchase interest, agencies must contact the Division of Purchase and Property for a final determination prior to making a commitment with a vendor. Any individual who enters into a transaction that attempts to by-pass procurement procedures will be considered to be acting in violation of the statutes and will be subject to the penalties imposed by law.

NOTE: Processing third party contracts through the MACS-E Third Party Contract Module is optional.

## II. LISTING OF NJCFS EXPENDITURES (Non MACS-E or Non NJSTART)

The following is a list of authorized transactions that will be used as a basis for determining eligibility for processing through NJCFS. All other purchase transactions must be entered through NJSTART or the Management Acquisition and Control System - Enhanced (MACS-E).

- State Aid - Distributions to counties, municipalities, and instrumentalities authorized under existing statutes.
- Grants-in-Aid - Stipends, tuition aid, scholarships, loans to students, and other similar expenditures that are not payments to a non-governmental agency for functions carried out on behalf of a local unit of government and are not included within the category of State Aid.
- Drawdown of Lump Sum Appropriations - Such as those by State colleges and universities for normal operating expenses incurred during the fiscal year.
- Reimbursement to State Employees - For travel, lodging, and subsistence expenses associated with regular State business, conventions, conferences, staff training, and seminars.
- Revenue Refunds - Including refunds of amounts previously received in payment of indebtedness to the State. Examples include refunds of taxes, fees, licenses, and fines.
- Inmate Wages and Gate Money
- Postage - Includes payments made to the federal government for purchase of stamps and meter charges. However, payments for contract messenger service, and parcel delivery service must be in accordance with Purchase Bureau procedures.
- Claims - Includes payment for loss of personal property, damage, or injury sustained by employees in performance of duties, payment to victims of violent crimes, and other casualty losses.
- Legal Advertising - In accordance with N.J.S.A. 35:1-2.1, whenever an agency is required to publish resolutions, official proclamations, or notices in advertising of any kind, including proposals for bids.
- Mandatory Expenses - Includes payments authorized by independent statutory authority or a court order.
- Memberships and Subscriptions - Includes agency memberships and subscriptions to technical and reference materials, periodicals, and publications, either online or print, pertinent to an agency's activities or programs up to an amount not exceeding the Direct Purchase Authority (DPA) limit established by the Purchase Bureau per vendor. Payment of a membership for an individual employee is not permitted except as follows: Departments and/or agencies may authorize reimbursement to Senior Executive Service employees for two professional memberships up to a maximum amount of \$300 per year. Such memberships must be paid via a Using Agency Vendor Payment Voucher (U1) or by a Purchasing Card transaction and are subject to the availability of funds.

- Petty Cash Fund Reimbursements - For procedures and guidelines as to allowable expenditures, refer to Circular Letter 18-07-OMB.
- Payments for Services - Payments for third-party providers in reimbursement for services to private individuals who are eligible for public assistance or are medically indigent, to defray the cost thereof. Items falling under this category include: payments for hospital and convalescent care centers, foster care, nursing homes, payments to doctors, and other professionals providing services for clients of State agencies where the agency itself is neither the consumer of the service, nor the receiver of direct benefits associated with such services. This does not include contractual services for residents or patients of State institutions and hospitals.
- Small Construction Projects - Those construction projects defined by Circular 10-16-DPMC as not requiring the control and approval of the Division of Property Management and Construction (DPMC). Circular 10-16-DPMC also describes detailed procedures for State Agencies who wish to procure small construction projects on their own. This dollar threshold is revised by the Governor and transmitted to the Director of the Division of Purchase and Property every fifth year, in accordance with the New Jersey Statutes Annotated 52:34-7(b).

### III. STAFF TRAINING


State-Sponsored Training Programs – Includes payments for authorized programs, seminars, or conferences for State employees. Expenditures for the rental of facilities, provision of meals, or other related expenses must comply with the existing purchasing regulations. Employment of trainers or consultants is subject to provisions of Circular 14-07-DPP/OMB/OIT "Professional Services: Review, Control, Monitoring and Extensions."

### IV. ACCOUNTING CONTROLS

The Director of the Office of Management and Budget may require that agencies utilize an accounting encumbrance to obligate funds when statutory authority or no purchase interest exists and a succession of payments is to be made on a periodic basis as service is performed. Further, the Director reserves the right to require an accounting encumbrance or pre-encumbrance for any other activities when such procedure is deemed necessary to exercise proper control over an agency's fiscal activities.



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