



**Department of the Treasury
Accounting for the Purchase of Goods or Services
from State Colleges and Universities**

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AGENCY: OFFICE OF MANAGEMENT AND BUDGET

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SUPERSEDES: 05-04-OMB

SUBJECT: ACCOUNTING FOR THE PURCHASE OF GOODS OR SERVICES FROM STATE COLLEGES AND UNIVERSITIES

ATTENTION: CHIEF FISCAL OFFICERS AND BUSINESS MANAGERS

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This circular letter establishes the proper procedure to procure and account for the purchase of goods or services from the state colleges and universities.

There is an expressed preference for the use of other Agencies, such as the state colleges and universities to provide professional services rather than outside private vendors. The reason is that where feasible, the direct, actual use of in-state, professional resources of state entities are always preferable. However, the preference does not extend to those situations where, while some professional services may be provided by the state college or university, the major portion of the services are to be provided by subcontracts to private companies or independent contractors. In such situations, the State Agency should contract directly with the state college or university for only those professional services or student resources as are provided directly and use advertised or non-advertised competitive procurements to obtain the subcontracted services. Further, a waiver of advertising is not required if the services are being directly provided by a state college or university. The use of entities such as the state colleges and universities does not preclude compliance with Circular Letter 98-14-OMB/DPP/OTS Professional Services: Review, Control, Monitoring, and Extensions.

All state colleges and universities are autonomous and operate independently of the New Jersey Comprehensive Financial System (NJCFS) and banking system. Therefore, the state colleges and universities cannot be paid via a using agency payment transaction (UA). The proper procedure to account for the procurement of goods or services is as follows:

- A. Obligate funds payable to a state college or university by entering an agency contract order (AO) into NJCFS. The statement "supporting documentation is on file at the agency" must be included in the text. A print screen of the AO, text and the formal contract must be kept on file at the agency for a period of seven years.

- B. Prepare an Accounting Bureau payment voucher (A1) to issue payment to the college or university. Reference the agency contract order indicated in (A) above.
- C. Instructions for completion of the above forms are contained in the NJCFS manual, Expenditure Accounting Section, Chapter 4, pages EXP 4-10 for the AO and EXP 4-35 for the A1.
- D. The autonomous colleges and universities are as follows:

Kean University	NJ Institute of Technology
Rutgers University	Montclair State University
The Richard Stockton College of NJ	Rowan University
Thomas Edison State	College The College of NJ
University of Medicine and Dentistry of NJ	NJ City University
William Paterson University	Ramapo College of NJ

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