



## Grant/Private/Gift Funding

The offices of the General Counsel, Financial Affairs, and Governmental Relations have reviewed the applicability of certain procurement laws and regulations to purchases that are 100% funded by grant, private, or gift dollars. Arkansas law defines “public funds” as follows:

Ark. Code Ann. § 19-11-203(23) (emphasis added):

(A) “Public funds” means all state-appropriated and cash funds of state agencies, as defined by applicable law or official ruling.

(B) Without necessarily being limited thereto, “public funds” **does not include:**

(i) Grants, donations, research contracts, and revenues derived from self-supporting enterprises that are not operated as a primary function of the agency, no part of which funds are deposited into the State Treasury; and

(ii) Revenue derived from patient care and self-supporting hospital enterprises of an academic medical center.

Although state procurement laws expressly exempt such purchases from statutory procurement requirements, the University generally requires these transactions and purchase processes to be approved by the Office of Procurement prior to purchase. Upon request of the department or unit, the University may elect to exempt transactions funded wholly with non-public funds from certain procurement requirements, such as bidding or other processes prescribed for transactions purchased with public funds. However, there is no automatic or blanket approval for exemption based on these funding sources so any exemptions will be determined on a case-by-case basis. Purchases funded by revenues derived from self-supporting enterprises that are not operated as a primary function of the agency shall not require additional approval for exemption, but it is strongly recommended that the procurement process required by law for public funds also be applied to these transactions when practical as a matter of best practice.

The following expectations and processes remain in place for ALL procurement-related transactions which pass through Workday.

- **Best practice remains the objective.** In general, transactions should follow the procurement process required by law for public funds regardless of funding source. Transactions on private fund worktags are not deemed automatically exempt.
- Transactions which include any percentage of public funding must follow procurement law/policy.
- Transactions may not be created on a private fund worktag then updated to a public fund worktag, either in part or in whole.
- Consult your Procurement Coordinator prior to creating a transaction which potentially could be exempt.

- Any processes currently in place for transactions that are not permitted to pass through Procurement, such as the purchase of alcoholic beverages, will remain the same.
- Legal review and signature processes currently in place remain the same for both public and non-public funded transactions.

A monthly report will be generated to identify any privately funded transactions which were updated in whole or in part to public-funded worktags.

Each transaction which is deemed exempt following discussion among department, Procurement, and Legal (if necessary) shall include this statement in the “memo” or “comment” section of the transaction:

*“This transaction is exempt based on funding source, consistent with Ark. Code Ann. § 19-11-207 and Ark. Code Ann. § 19-11-203 (23) (A) and (B).”*

Please submit any questions to Ellen Ferguson, [ellenf@uark.edu](mailto:ellenf@uark.edu) by Wednesday, November 8, 2023.

Thanks,  
University of Arkansas  
Business Services – Procurement

