

2012 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

Demystifying the Payment Process

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9:30 – 10:45 AM

UIC UNIVERSITY OF ILLINOIS
AT CHICAGO

UIC

Lincoln Hall

707 South Morgan Street

Workshop Presenter(s)

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Please ...

- Turn off cell phones.
- Avoid side conversations.
- Please hold questions until the end of the presentation
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

Workshop Objectives

- Understand the functionality of the procurement process, including the responsibilities of the unit needing to acquire goods or services, the Purchasing Office, and the University Payables Office (UPAY)
- Provide an awareness of how planning in advance can transform an administrative headache into a best business practice
- Provide information that assists you in following and understanding laws, regulations and University polices and procedures

University Payables

- A centralized University Administrative (OBFS) unit responsible for:
 - Establishing and maintaining institutional vendor information in Banner for the purpose of issuing purchasing requisitions/orders and processing payments
 - Processing vendor invoice payments
 - Processing reimbursements to employees
 - Processing miscellaneous payments to non-employees
 - Administration of the University's Procurement Card (P-Card) and Travel Card (T-Card) programs
 - Issuing Form 1099-MISC information reporting forms

University Payables

-while ensuring compliance with Federal, State, and University regulations and policies.
 - Internal Revenue Service
 - Office of Foreign Asset Control
 - Illinois Procurement Code
 - Illinois Higher Education Travel Control Board
 - OBFS Policies & Procedures Manual

Purchasing

- A University Administrative (OBFS) unit responsible for:
 - Ensuring compliance with the Illinois Procurement Code, Higher Education Procurement Rules, Board of Trustees and State & Federal Regulations
 - Issuing purchase orders for the acquisition of goods and services for University operations
- Purchasing is the **only** unit designated to enter into contracts on behalf of the University of Illinois

How to Purchase Goods & Services

- Determine correct method to use for the purchase
 - iBuy purchase requisition
 - Banner purchase requisition
 - P-Card
 - T-Card
 - Contract
 - RFP or Sealed Bid
 - Miscellaneous payment request

Purchasing Methods

- **iBuy Purchase Requisitions** (*Vendor sends invoice directly to the University Invoice Processing Center*)
 - A web-based system for purchasing goods and services
 - Provides easy on-line access to vendor catalogs, requisitioning, approval, and tracking of purchase orders to vendors
 - Negotiated contract pricing reduces overall cost to units
 - Simplifies the purchasing process and reduces costs by offering intuitive, commodity-specific search capabilities
 - Electronic invoicing capabilities (w/unit acknowledgement >5K)– FY12 YTD savings of approximately \$110,000 in processing costs
 - Should ALWAYS be used when purchasing commodities offered by the on-line catalogs

Purchasing Methods

- **Banner Purchase Requisitions** (*Vendor sends invoice directly to the University Invoice Processing Center*)
 - A web-based system for purchasing goods and services
 - On-line access for requisitioning, approval, and tracking of purchase orders to vendors
 - Allows for “receipt” of goods in Banner prior to invoice payment
 - Allows the use of standing orders for limited circumstances, such as payment for services invoiced monthly
 - Should NEVER be used when the commodity being purchased is available in an iBuy vendor catalog

Purchasing Methods

- **P-Card**

- A University-provided credit card issued to approved University employees for the purchase of authorized small dollar purchases
- Limited to transactions under \$5,000
- Eliminates the requisition, purchase order, invoice, and payment processes....and those related processing costs
- Strict guidelines regarding prohibited and restricted purchases

Purchasing Methods

- **T-Card**

- A University-provided credit card issued to approved University employees for the purchase of University business meals and travel-related expenses such as airfare, lodging, car rental, parking, transportation, etc.
- Reduces out-of-pocket expense for employees traveling on University business
- Strict guidelines regarding prohibited and restricted purchases

Purchasing Methods

- **Contracts** – contract must be completed and signed by all parties **BEFORE** any goods are received or services performed.
- Two types of contracts:
 - Professional and Artistic (P&A) Services
 - Contract for Professional & Artistic Services Under \$5,000
 - University of Illinois Contract
 - Contract used for Professional & Artistic Services totaling \$5,000 or more in a fiscal year
 - Contract used for purchase of commodities, equipment, or general services totaling \$52,100 or more in a fiscal year

Purchasing Methods

(Contracts – P&A Services)

- Professional and Artistic Services (P&A) – services that are primarily intellectual or creative in nature
 - Qualified by education, experience, or technical ability
 - Do not include services that involve manual skills and labor (services involving manual skills and labor are purchased in the same as the purchase of goods)

Purchasing Methods

(Contracts – P&A cont.)

- Total fees for P&A Services amounting to **less than \$5,000** require a completed “Contract for Professional & Artistic Services Under \$5,000” **before** any service is performed.
 - Services are Non-Recurring (*payment to vendor must not equal or exceed \$5,000 for the fiscal year*)
 - Purchase order is not required (at this time), but strongly suggested
 - If a purchase order is not issued, the vendor should send the invoice to your unit for processing a payment request in the Travel & Expense Management System (TEM)
 - If a purchase order is issued, the vendor should send the invoice directly to the University’s Invoice Processing Center

Purchasing Methods

(Contracts – P&A cont.)

- Total fees for P&A Services amounting to **\$5,000 or more, but less than \$19,999** require a completed “University of Illinois Contract” **before** any service is performed.
 - Payment for services must not exceed \$19,999 for the fiscal year
 - Complete the “Contract Approval/Routing Form (CARF)” and a “University of Illinois Contract”
 - Submit the CARF and at least two originals of the contract, **signed by the contractor**, to the UIC Purchasing Office
 - Purchasing will obtain appropriate University approval and signatures and issue a purchase order to the vendor
 - A copy of the executed contract will be sent to the unit and the contractor
 - Vendor sends invoice(s) to the University Invoice Processing Center

Purchasing Methods

(Contracts – P&A cont.)

- Total fees for P&A Services amounting to **\$20,000 or more** must be handled through a State-mandated competitive selection process facilitated by the Purchasing Division using a formal Request for Proposal (RFP) process.
 - The following actions must be completed **before** any services are performed:
 - Complete and submit the “Professional and Artistic Services Information Form (PASIF)”, along with the CARF and purchasing requisition, to the Purchasing Office for preparing the RFP (**Allow one month for completion of the RFP process**)
 - After selection of the vendor, a University of Illinois Contract is completed by Purchasing, the unit, and the selected vendor
 - Purchasing obtains appropriate University approval and signatures for contract execution and issues a purchase order to the vendor
 - Vendor sends invoice(s) to the University Invoice Processing Center

Purchasing Methods

- **Non P&A Contracts** – Purchases of commodities, equipment, or general services equaling **\$52,100 or more** must be acquired using a sealed bid process
 - The following actions must be completed **before** goods are received or services performed
 - Submit purchase requisition, scope of work, and recommended price structure to the Purchasing Office for bid processing
 - After selection of the vendor, a University of Illinois Contract is completed by Purchasing, the unit, and the selected vendor
 - Purchasing obtains appropriate University approval and signatures for contract execution and issues a purchase order to the vendor
 - Vendor sends invoice(s) to the University Invoice Processing Center

Purchasing Methods

- **Cash purchases/miscellaneous payment requests**
 - No purchase order required
 - Limited to a maximum of \$499 unless listed on the Invoice Voucher Exception List (see hand-out)
 - Invoices to process payment to vendor or a reimbursement to an employee are submitted through the TEM system – vendor sends invoice directly to the requesting unit for processing; due to IRS reporting requirements, employees cannot be reimbursed for the purchase of any type of service
 - "Stringing" (making successive small purchases or payments to bypass the \$499 limitation or any other purchasing policy) is not permitted

Non-Conforming Orders

- The acquisition of goods or services without following the procedures in the preceding slides are considered “non-conforming”
 - Non-Conforming orders were highlighted in the State of Illinois audit – the University was directed to establish a procedure to **prevent** after-the-fact purchases.
 - A non-conforming order is an after-the-fact purchase and means that the request for purchase order, contract, and change or procurement action is submitted to Purchasing after the receipt of goods or services by the end user.
 - Units need to ensure that all faculty and staff are aware of and abide by State of Illinois Procurement Code policies.

Plan Before You Purchase

- Plan ahead
 - Success in getting what you want when you need it...and getting it paid for, is a result of good planning
 - Involve the Purchasing Office in the early stages of your planned procurement to ensure the purchase is made in accordance with University procurement policy and State regulations
 - As a public State institution, the University is accountable for the stewardship of funds supplied by taxpayers and donors
 - Individuals can be held personally responsible if an audit determines that purchases violate State procurement rules
 - Grant sponsorship can be revoked if procurement rules are violated using federal funds

New Vendor Set-Up Procedures

- Vendor submits a completed Vendor Information Form
- University Payables performs several procedures to ensure the vendor can be used for University procurements
 - Validate Taxpayer Identification Number with the IRS database
 - Ensure the vendor is not named of the Federal Excluded Parties List
 - Ensure any noted conflict of interest is vetted and approved by University Administration
 - Ensure diversity vendors are properly identified during set-up
 - Ensure the vendor has a completed Board of Elections Certification on file
 - Establishes the vendor in Banner/iBuy; assigns vendor number

“Do’s”

- Plan ahead
- Determine if acquisition can be obtained with a University contracted vendor (iBuy)
- Involve Purchasing early in the process for purchases requiring a University of Illinois contract
- Attend to transactions, such as receiving reports, and inquiries from Purchasing or University Payables in a timely manner
- Educate your unit on University policies and procedures and Federal and State regulations
- Plan ahead

“Don’ts”

- Engage in non-conforming purchases
- Divide large purchases into a series of smaller purchases to circumvent purchasing regulations
- Engage in non-conforming purchases
- Sign any contract, license, proposal, order confirmation, agreement, etc.
- Engage in non-conforming purchases

Resources

- OBFS Web Site - www.obfs.uillinois.edu
- Business & Financial Services Policy & Procedure Manual - www.obfs.uillinois.edu/manual/
- Purchasing questions: Phone: 312-996-2850
- Payable questions: Phone: 888-872-9953;
e-mail: obfsupay@uillinois.edu

Workshop Summary

- All procurements for goods and services must follow University and State procedures **before** the goods are received or the services are performed
- **All** procurements for Professional & Artistic Services require a contract (type is dependent upon the total dollar amount of the services provided in a fiscal year)
- Procurements of commodities, equipment, and general services generally **always** require a purchase order and **may** require an RFP/bid process and University of Illinois contract (dependent upon the total dollar amount of the services provided in a fiscal year)

Questions / Concerns?