

2016 BUSINESS ADMINISTRATORS SEMINAR SERIES

Purchasing-to-Payment Overview (Part 1)

September 26, 2016

2:15 – 3:15 PM

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.
- Hold questions until the end of the session.
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

How “a few” customers have described the purchasing-to-payment process...



But it doesn't have to be that way!



“Follow the proper purchasing-to-payment sequence, and very happy you will be...”

-Star Wars: Episode X – A New Hope (for Procurement Reform someday)

Workshop Objectives

- Describe the core steps for UIC procurements, from requisition to purchase order
- Share best practices for navigating the purchasing process in an efficient and effective manner, to get to payment of our vendors

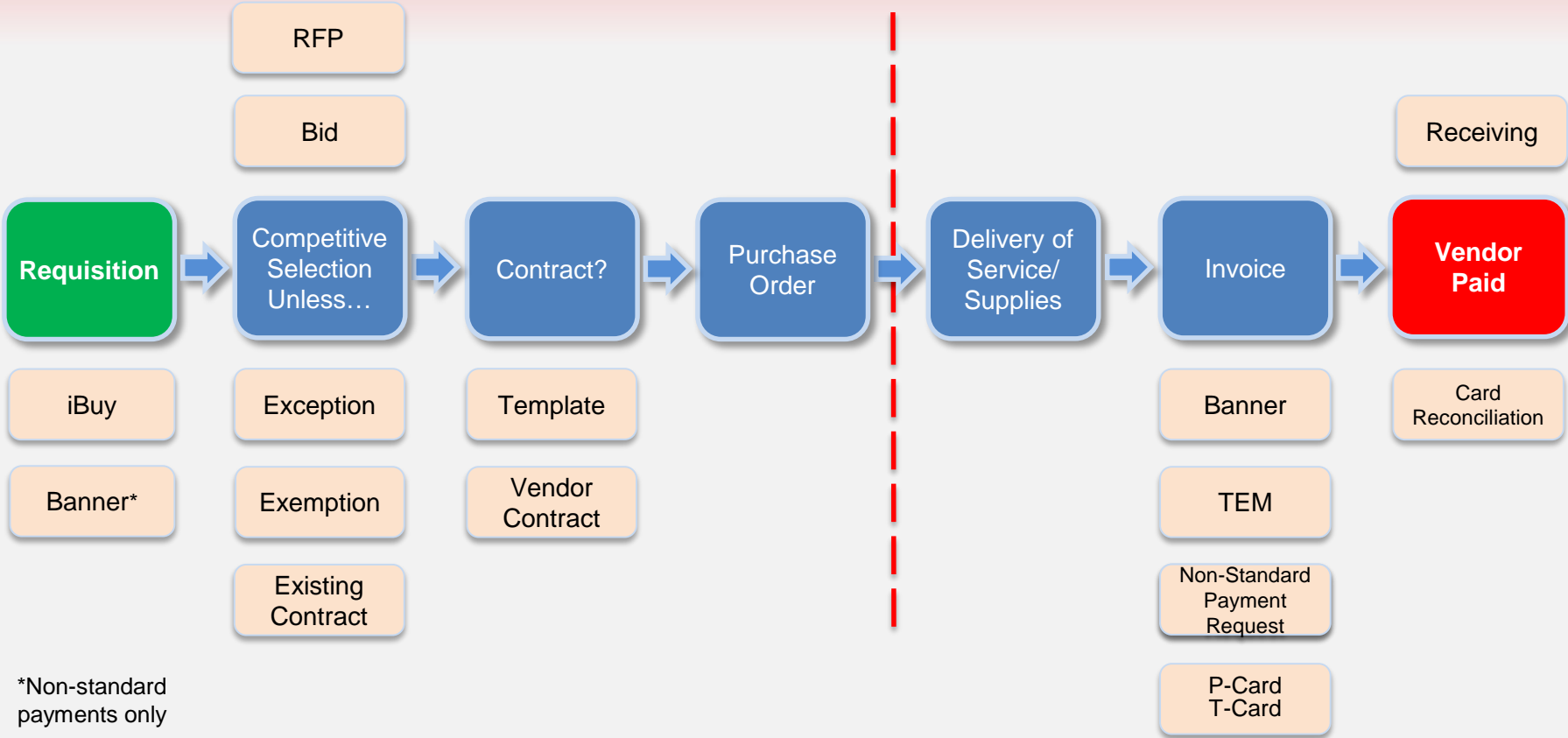
Topics

- Requisition Processing
- Key Statutes, Rules, & Policies
 - Competitive Solicitations
 - Exemptions/Exceptions/Existing Contracts
 - Financial Disclosures
- Contract Processing
- Purchase Order Processing
- Non-Conforming Purchases
- Best Practices

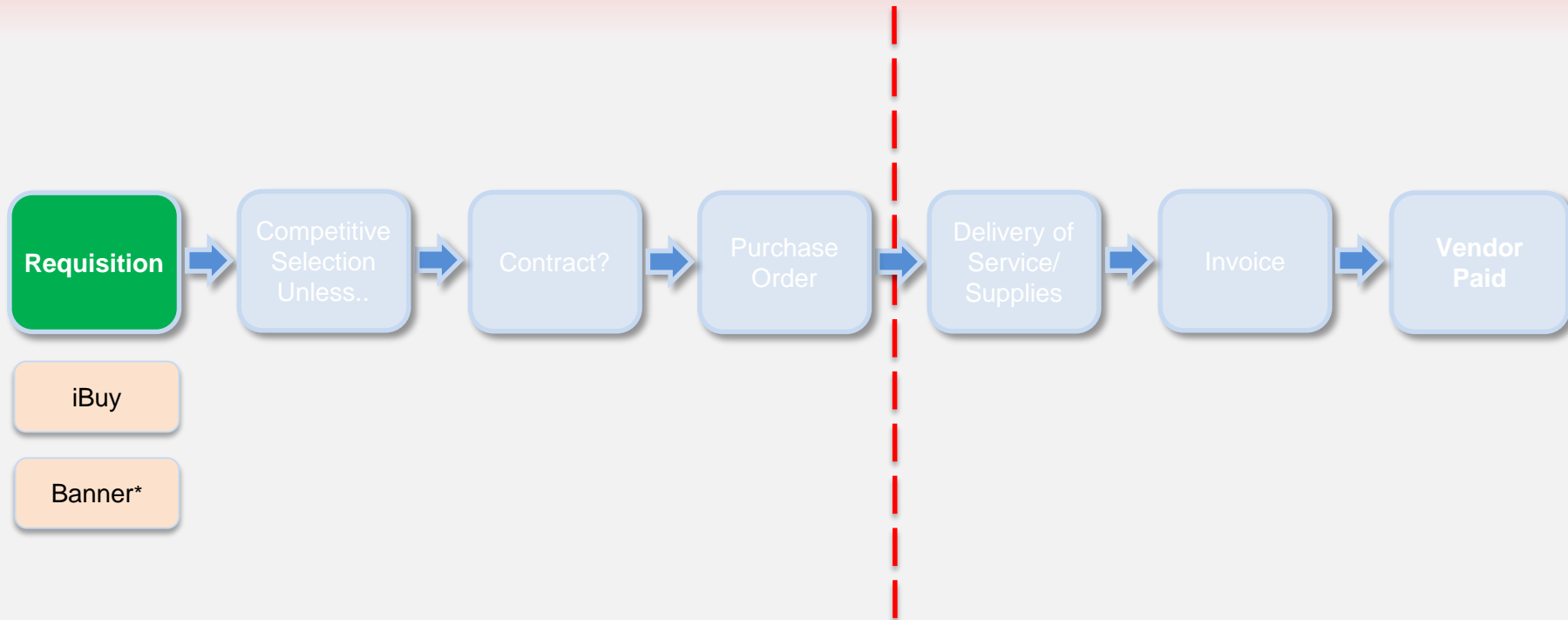
Purchasing to Payment Roadmap

Overview Part 1 UIC Purchasing

Overview Part 2 University Payables



Requisition Processing



*Non-standard payments only

iBuy... usually!

- iBuy continues to be the single requisition system for the UIC campus
 - For all requests with standard net 30 payment terms
 - Net 15, etc. must go in Banner
 - Deposits can be processed as separate line item in iBuy req + Special Payment Request
- Non-conforming orders must go in Banner

iBuy As a Single Point of Entry

- Funneling work into iBuy
 - Benefits to Units:
 - Improved transparency for status
 - Single point of entry to Purchasing = Improved customer service
 - Purchasing can process your work quicker
 - Interfaces to Banner for payment of vendors
- iBuy Training available at:
<https://www.obfs.uillinois.edu/training/materials/ibuy/>

iBuy Order Processing

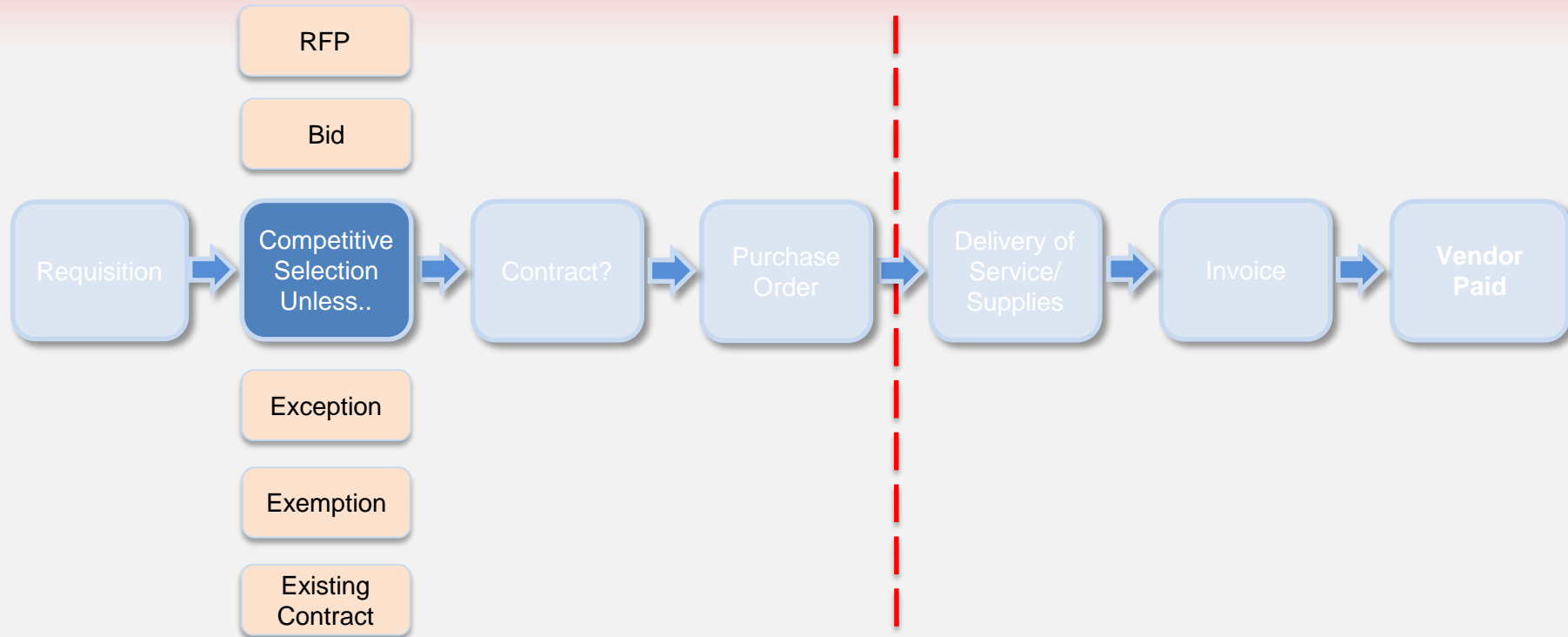
– Types of iBuy Orders

- Catalog
 - Hosted
 - Punchout
- Non-Catalog
 - Non-Catalog Form
 - Route to Purchasing Form
 - Standing Order Request Form

iBuy Order Processing

- Importance of Accounting Date and Delivery Date Fields
 - iBuy/Banner Field Equivalents
 - Accounting Date (iBuy) = Transaction Date (Banner)
 - Requested Delivery Date (iBuy) = Delivery Date (Banner)
 - All FY17 requisitions must have Accounting Date of July 1, 2016 or Later
 - FY17 Annual Standing Orders
 - Accounting Date: July 1, 2016 or later start date
 - Requested Delivery Date: June 30, 2017 or other end date

Competitive Selection/IL Procurement Code & Rules



Key Statutes, Rules, & Policies

- IL Procurement Code (30 ILCS 500)
- Administrative Rules (44 IL Adm. Code 4)
 - Amended 1/15/16
- OBFS Policies and Procedures Manual
<https://www.obfs.uillinois.edu/bfpp/>

State Oversight of All Procurements

- Executive Ethics Commission (EEC)
 - Chief Procurement Officer (CPO)
 - State Purchasing Officer (SPO)
- Procurement Policy Board (PPB)
 - Statutory right to 30-day review of any bid, proposal, or contract, unless waived
 - Hold public hearings
 - Recommend to void a contract or reject a bid or proposal



Competitive Solicitation Required Unless...

- It's one of the "3 E's"
 - Exception
 - Exemption
 - Existing Contract

Competitive Solicitations

- Invitation for Bid (IFB)
 - Award made to the **lowest price** responsible and responsive bidder
- Request for Proposal (RFP)
 - Award considers **technical evaluation factors and then price**
- Request for Information (RFI)
 - Formal invitation to provide various types of information to help define **scope** of potential project

Competitive Solicitations

- Request them with Solicitation Information Form (SIF)
 - Replaces Professional and Artistic Services Information Form (PASIF)
 - Found at <https://www.obfs.uillinois.edu/forms/purchases/>
 - Provide adequate information to Purchasing to identify appropriate solicitation method to meet Unit's needs and requirements, University policy, best practices, and Illinois Procurement Code
 - Create clear, precise and complete scope of services
 - Define division of responsibility between the University and vendors

Requesting a Competitive Solicitation in iBuy

- After you have filled out the SIF...
 - Use iBuy Route to Purchasing Form
 - Select “iBuy Bid Vendor” as vendor
 - Fill in estimated amounts to request solicitations
 - Attach SIF as an Internal Attachment
 - Req does NOT create an encumbrance

Tips for Competitive Solicitations

- Quality of responses received from a competitive solicitation is directly related to quality and completeness of the solicitation document, specifically the scope of work or specifications
 - This requires a collaboration between the unit and Purchasing
 - Solicitation Information Form
- Allow sufficient time for the competitive process
- Contact UIC Purchasing for assistance

“E” #1 - Exceptions to requirements for Competitive Procurements

- Small purchases
 - \$80,000 for Supplies or Services, \$100,000 for Construction, effective 9/1/16
 - Still \$19,999 for P&A (see below)
 - “Stringing” is prohibited – Do NOT divide or plan procurements to avoid use of competitive solicitations
 - New Rules require Multiple Quotes [attach to iBuy req] and Procurement file
- Sole Sources
 - Single supplier or sole economically feasible source
- Emergency Purchases
- Professional and Artistic services
 - If less than \$20,000, nonrenewable, one year or less in duration
 - New Rules require posting to Bulletin
- Donations
 - Can define procurement source if grant, gift or bequest provides majority funding

“E” #2 – Procurement Code Exemptions

- General Exemptions
 - Intergovernmental agreements
 - Grants
 - Purchase of care [“services to recipient of a State aid program”]
 - Hiring of an individual as employee and not as an independent contractor
 - Anticipated litigation, enforcement actions, or investigations
- Higher Ed Exemptions
 - Repealed effective 12-31-14; awaiting passage of new legislation to be reinstated

“E” #3 - Existing Contract

- Procurement Contracts Search
 - <http://apps.obfs.uillinois.edu/source/>
- iBuy Catalogs (Hosted & Punch-out)
- Rules govern Amendments and Renewals
 - Contact UIC Purchasing for assistance

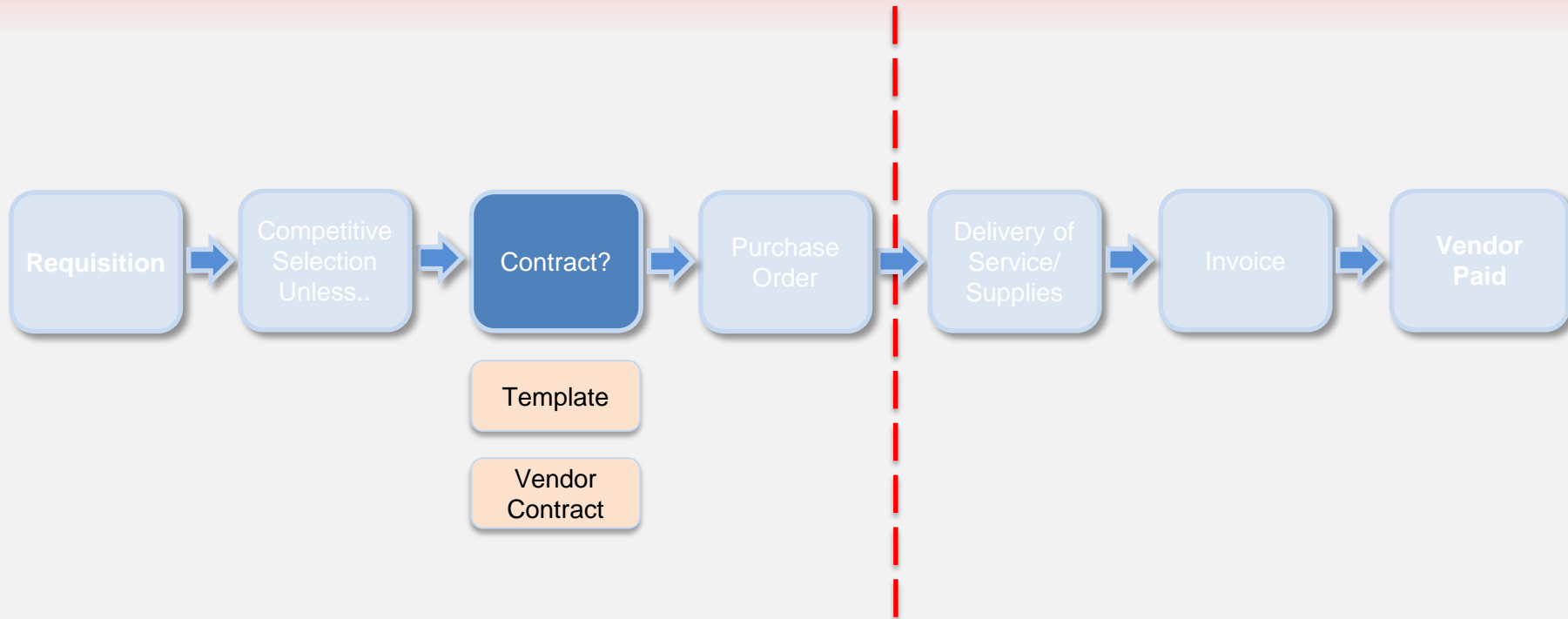
Certifications and Financial Disclosures

- State Certifications required for all purchases
- Financial Disclosures and Conflicts of Interest Form
 - Required at \$50,000 and above
 - Must be secured or resolved prior to award
- Certification of No Change
 - Annually for multi-year contracts
- IL Procurement Gateway by CPO
 - Vendor registration will permit single submission of Financial Disclosures

Additional Certifications and Required Approvals

- Secretary of State for competitive solicitations
- State Board of Elections
 - \$50,000 or more: Solicitation, Contracts, or combination
- \$250,000 or more per fiscal year
 - Per State Finance Act
 - In addition to University Comptroller
 - Chief Legal Counsel
 - President
- \$1,000,000 or more per fiscal year
 - Board of Trustees

Contract Processing



Contract Processing

- Contract Approval/Routing Form (CARF)
 - <https://www.obfs.uillinois.edu/forms/contracts/>
 - Required Preliminary Approvals
 - Unit Head
 - Dean/Director (\$50,000 or More)
 - VP/Chancellor/Vice Chancellor (\$150,000 or More)
- Use iBuy Route to Purchasing Form and include CARF as Internal Attachment to iBuy req w/ copy of proposed contract
- Units/Orgs live in Illinois Contract System (iCS) route contracts in iCS

Contract Processing

- Contract Templates

<https://www.obfs.uillinois.edu/forms/contracts/>

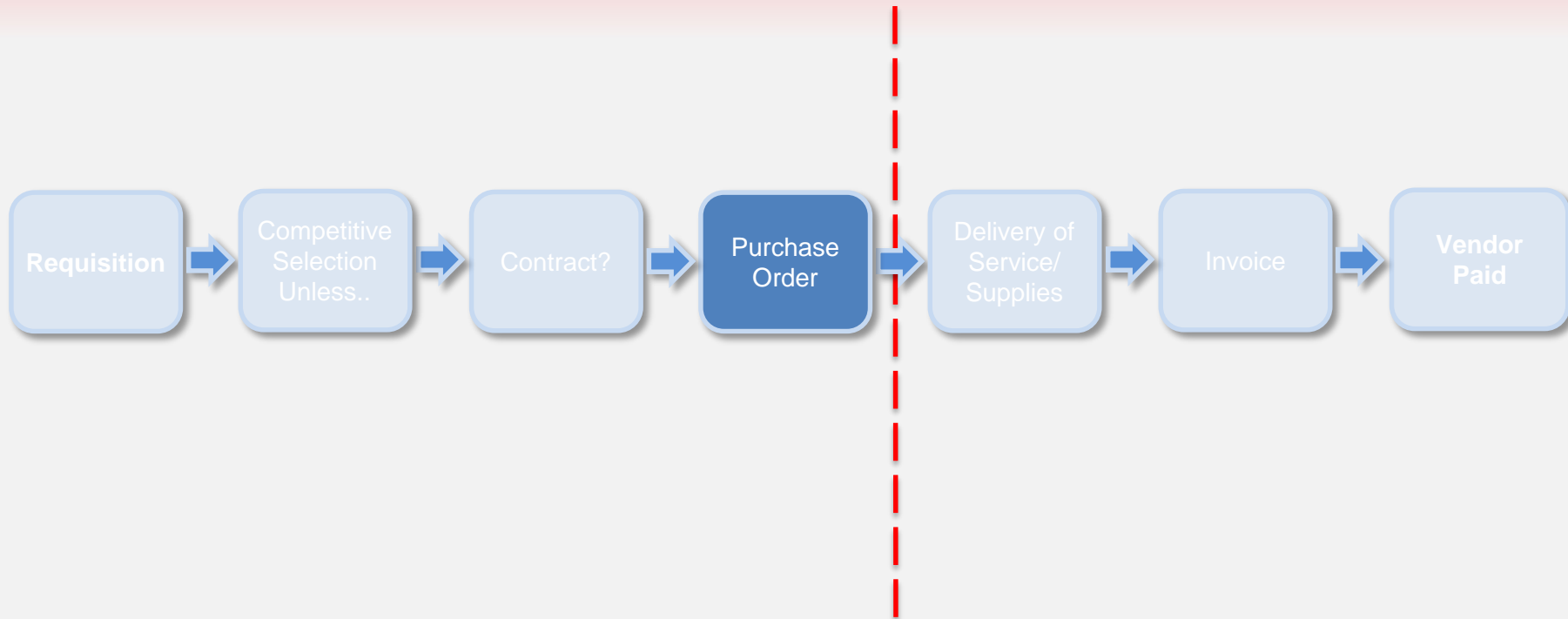
- Updated Contract for Services Under \$10k Template (formerly P&A under \$5k)
 - Payment submitted in TEM when single-payment
 - If no changes, Unit Head signs first signature line with the Comptroller's name (as Comptroller Delegate), and second signature line with the Unit Head's own signature
- Updated Procurement of Services Template (formerly P&A \$5k or More)
 - New standard University contract
- New templates are online fillable forms

Contract Processing

- Vendor Contracts
 - Purchasing works with University Counsel to review/negotiate terms protective of University
 - Longer timeframes to process



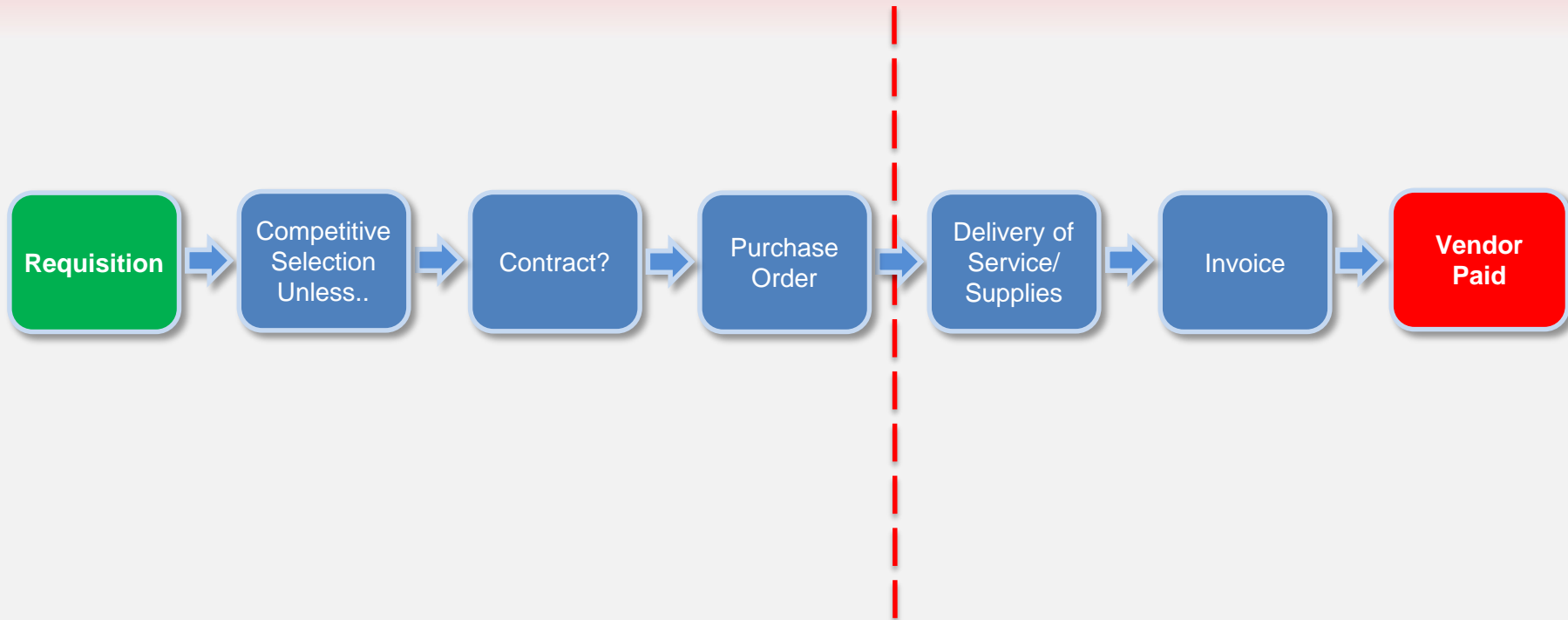
Purchase Order Processing



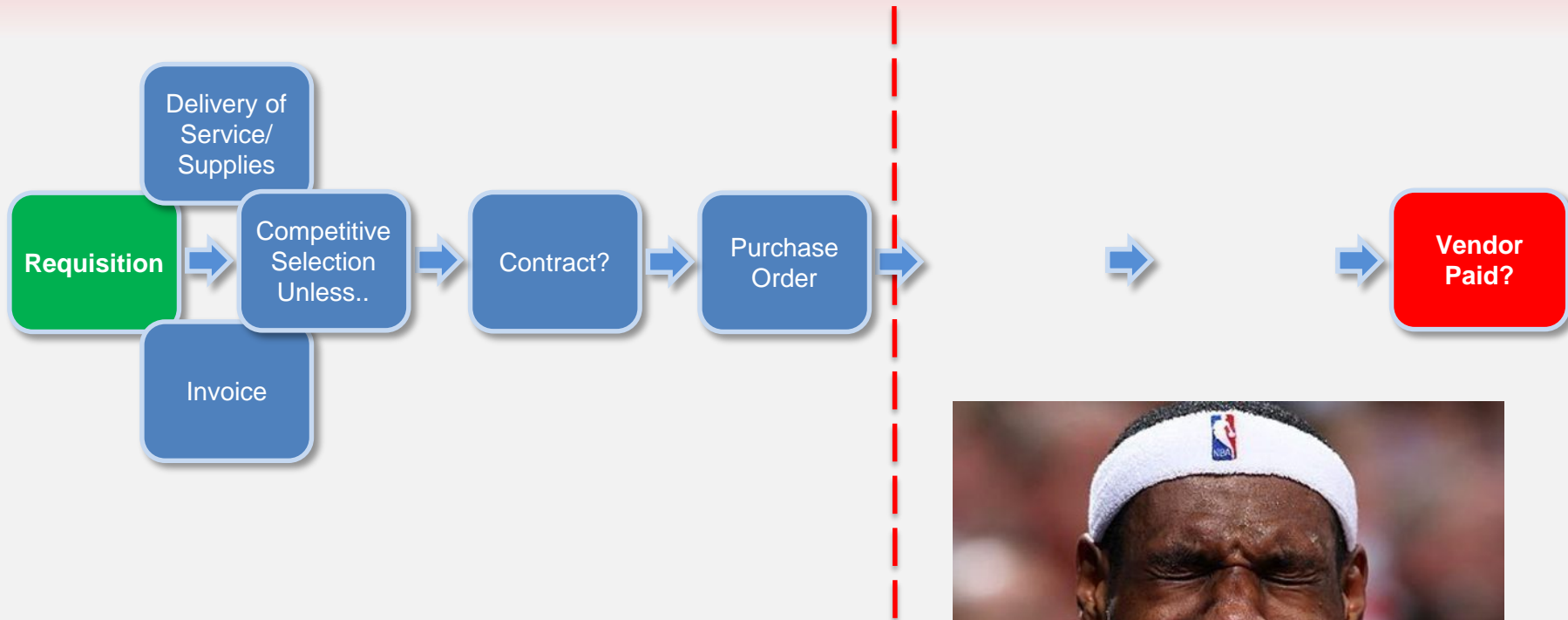
Purchase Order Processing

- Standard terms and conditions
 - Non-negotiated
 - Automatically transmitted to vendor from iBuy
 - Not mutually executed
 - iBuy and Banner PO terms being updated
- Vehicle for payment
 - iBuy PO transfers to Banner to effectuate payment

Non-Conforming Purchases



Non-Conforming Purchases



Non-Conforming Purchases

- Definition: The purchase request is submitted after goods are ordered or work has started, or after invoice received
- Consequences
 - Delayed payment or no payment to vendor
 - Department must confirm what is being done to prevent recurrence
 - Potential hearing with Procurement Policy Board

Tips/Best Practices

- Initiate purchasing processes as soon as possible after the need is identified and **before** giving Vendor go-ahead
- Make “E” your favorite letter - Take advantage of Exceptions, Exemptions, and Existing contracts whenever possible
- Work with vendors that will accept the standard University contract template(s)

Tips/Best Practices (continued)

- Tips to avoid non-conforming orders
 - Training and education to everyone in your unit that is involved in the procurement function, including faculty and staff
 - Make sure vendor understands not to deliver goods/services prior to receiving a purchase order or they might not get paid
 - Vendor invoice must be dated **after** purchase order date

For Additional Information

- OBFS Purchases Web Page
 - <https://www.obfs.uillinois.edu/purchases/>
- Purchases Who To Ask
 - <https://www.obfs.uillinois.edu/purchases/who-to-ask/>
- Illinois Procurement Bulletin – Public Institutions of Higher Education
 - <https://www.procure.stateuniv.state.il.us>

How Can I Buy....?

- OBFS Home>Purchases>Ordering and Payment Methods:
<https://www.obfs.uillinois.edu/purchases/ordering-payment-methods/>
- Direct Pay Exception List:
<https://www.obfs.uillinois.edu/payments-vendors-students/vendor-invoice-payment-process/non-po-invoices/>
 - Contract for Services (under \$10,000):
<https://www.obfs.uillinois.edu/forms/contracts/>
- T-Card and P-Card Quick
Reference: <https://www.obfs.uillinois.edu/common/pages/DisplayFile.aspx?itemId=94904>

Workshop Summary

- Today, you learned how to successfully navigate the Purchasing half of the “Purchasing to Payment roadmap”!



Questions / Concerns?