

2018 Administrative
Leadership Conference
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Purchasing Methods

Workshop Presenter:

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Please.....

- ▶ Turn off cell phones
- ▶ Avoid side conversations
- ▶ Ask questions anytime
- ▶ Sign the attendance roster
- ▶ Complete the evaluation at the end of the workshop

Overview:

Small Dollar
Purchasing

Contract
Processing

Solicitations

Payment
Mechanisms

Strategic
Contracts



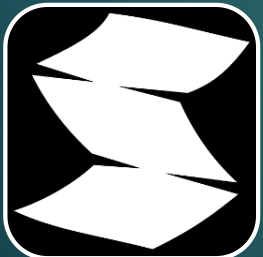
**SMALL DOLLAR PURCHASES
LESS THAN \$100,000**

Small Dollar Purchases

Illinois Procurement Code



Establishes small dollar thresholds which encourages fair competition



Requires vendor certifications and disclosures

Purchasing Thresholds



Small Dollar Purchases

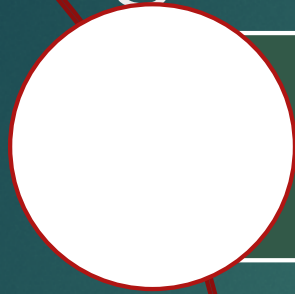
▶ 30 ILCS 500/20-20 states:

(a) Amount. Any individual procurement of supplies or services not exceeding \$100,000 and any procurement of construction not exceeding \$100,000, or any individual procurement of professional or artistic services not exceeding \$100,000 may be made without competitive source selection...may be made without competitive sealed bidding. Procurements shall not be artificially divided so as to constitute a small purchase under this section.

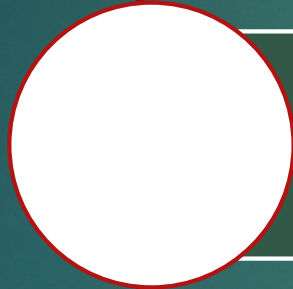
What is Stringing....

- ▶Dividing or planning procurements to avoid use of competitive procedures - known as '**stringing**' - is prohibited. A review for potential string may occur when the total value of three or more purchases for same or similar items exceed the small purchase limit during any 12-month period. The Purchasing Director and State Purchasing Officer will jointly determine if a competitive or other consolidated procurement is warranted.

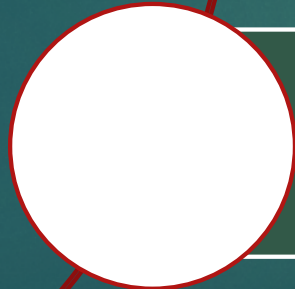
Stringing Small Dollar Purchases.....



Using multiple vendors or purchases



Using multiple CFOPs



Multiple projects actually one project


Purchases Below Small Purchase Limit less than \$100,000


- ▶ From Business & Financial Policies & Procedures Manual, 7.2.3
 - ▶ In conducting small purchase procurements for supplies, general services and construction, the University of Illinois System shall use practices *that encourage reasonable competition and support small businesses, diversity, transparency, and other statutory requirements.*

BEP Registered Firms

- Units are encouraged to seek diverse vendors (minorities, females, persons with disabilities and veterans) for purchases greater than or equal to \$10,000 and under the small purchase limit **by soliciting at least one quote** from a CMS Business Enterprise Program (BEP) certified diverse vendor or State Use - Sheltered Workshop, when available.

www.sell2.illinois.gov/cms/business

- 
- ▶ A requisition that is less than the small purchase limit but greater than or equal to \$10,000, must include documentation demonstrating competition from multiple vendors. Small purchases should be made from the vendor offering the **lowest-cost**.
 - ▶ Documentation of each purchase must be maintained in the procurement file. (44 IL Admin Code 4.2020 or 30 ILCS 500/20)

- 
- If a purchase requisition is submitted for a vendor that is *not the lowest-cost vendor*, the individual submitting the requisition must complete the **Small Purchase Waiver** form, documenting the justification for the request.
 - Small Purchase Waiver form located on OBFS Website (under 7.2.3)
 - Documentation of each purchase must be maintained in the procurement file. (44 IL Admin Code 4.2020 or 30 ILCS 500/20)

Competition demonstrated by....

Written quotes or email documentation

Web search results demonstrating pricing

Telephone quotes with full documentation

Note: Obtaining quotes for items that are not similar in nature is not considered "reasonable competition".

Professional & Artistic Services

Illinois Procurement Code defines P&A services as “those services provided under contract to a State agency by a person or business acting as an independent contractor, **qualified by education, experience and technical ability**” (30 ILCS 500/1-15.60)

*The following have been identified as examples of disciplines that would **always** be considered professional and artistic services:*



P&A Services.....

- ▶ Procurements below the P&A services small purchases limit of \$100,000:
 - ▶ Non-renewable term of one year or less
 - ▶ Don't require competitive sealed solicitations
 - ▶ Must be processed through Purchasing (regardless of \$\$\$ amount)
 - ▶ Must be posted to the IL Procurement Bulletin within 14 days of execution
- ▶ Greater than \$100,000, **require** sealed solicitation (RFP)

CONTRACT PROCESSING

A Contract is.....

- ▶an agreement between the Board of Trustees of the University of Illinois and one or more other parties that creates legally enforceable obligations. No matter what the agreement is called (e.g., memorandum of understanding, memorandum of agreement, or letter of intent), the document must be drafted, reviewed, and approved in accordance with this policy.
 - ▶ Agreements between units of the University of Illinois System are not contracts and are not covered by this policy.

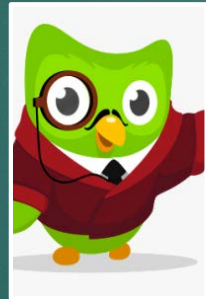
Authority



Purchasing has the authority and establishes procedures to facilitate the purchase of equipment, materials, commodities, supplies, and services.



No other individual or campus department has authority to commit the University to purchasing goods and services, unless that authority has been specifically delegated to them from the Comptroller.



Purchasing should be consulted on every contract that is presented for signatures.

Contracts

When is a contract required?

- Vendor requires University to agree to terms and conditions (two-party agreement) and provide signature
- Purchase of goods and services for the University

Time required for completion

- Send T&Cs as soon as possible to prevent delays in timeline
- Allow sufficient time for negotiations by Purchasing and for contract execution

Types of Contracts

Handled through Purchasing Office

- Professional and Artistic Services
- Purchase of goods and general services

Handled through Office of Business Services

- Most Revenue Generating
- Concessions and Sponsorships
- Business Non-disclosure agreements

Contract – General Goods & Services

Services

- The furnishing of labor, time, or effort by a Vendor which may involve to a lesser degree, the delivery or supply of products.



Goods

- Anything you buy that is tangible
 - For example, supplies, chemicals, furniture, lab equipment, uniforms, etc. or intangible like software.

Contract for Services under \$10,000

- ▶ Complete University Standard Template
 - ▶ University of Illinois Contract for Services under \$10,000
- ▶ For **low risk** and nonrecurring services
 - ▶ Above low risk, Purchasing *must* process
- ▶ Completed by user Department
 - ▶ Include a *detailed* statement of work
- ▶ Executed by Department Head in the name of the Comptroller *after* vendor signs
 - ▶ Payments processed through TEM
 - ▶ Executed *before* services are provided

Contract for Services > \$10,000

Information to Purchasing

- **Start Process**
 - Send signed and completed CARF
 - Process requisition
 - Send SOW, payment details, term, etc.
- **Purchasing drafts contract**
 - Final draft to Department for approval
- **Contract to Vendor for signatures**
- **At full execution, PO processed**

Contract Elements

Define Parties

- Board of Trustees of the University of IL and Vendor

Detailed Scope of Work

- Who, what, when, where, how.....

Length of term

- Beginning to end of contract term
- Renewals

Payment for goods/services provided

- Specific details on how and when the Vendor will be paid for services/goods provided

Any additional terms and conditions

Software & Online Services

- ▶ Software and electronic services for which the total cost is less than \$5,000 may be purchased with a P-Card *if certain requirements are met.*

- ▶ See the P-Card forms on the *OBFS Website>Forms>Purchases Forms*

- ▶ Software Purchased by P-Card Form

- ▶ Electronic Services Purchased by P-Card Form

FERPA Protections for students

- ▶ ***Contracts that do not meet the above requirements, should be forwarded to Purchasing for review and processing.***

- ▶ Seldom is there an instance when T&Cs do not apply

- ▶ Most, if not all, software products have T&Cs to be agreed to

Software Purchased by P-Card

Before purchasing software with a P-Card, complete this form to determine if the purchase qualifies as a P-Card transaction. If so, file this form with other backup documentation required for your P-Card purchase. For additional information on purchasing software, see Section 7.2 - [Purchase of Goods and Services](#). For information on public and/or sensitive data, see <http://go.uillinois.edu/essa>.

1. Will any University data that is not publicly available be shared with a third party as a result of running the software (for example, SSN, credit/debit card, health/medical, or student data)?

- No, proceed to question 2.
- Yes. Stop here. You may not make this purchase with a P-Card.

2. Is this a purchase of software libraries in which the software will be embedded into new intellectual property?

- No, proceed to question 3.
- Yes, proceed to next question.

Does the software license expressly state that it may be distributed freely or included with newly-developed software without royalties or licenses to the software producer?

- No. Stop here. You may not make this purchase with a P-Card.
- Yes, proceed to question 3.

No. Stop here. You may not make this purchase with a P-Card.

3. Will students in a classroom or computer lab be required to use the software?

- Yes Stop here. You may not make this purchase with a P-Card.
- No. Proceed to question 4.

Electronic Services Purchased by P-Card

Before purchasing electronic services with a P-Card, complete this form to determine if the purchase qualifies as a P-Card transaction. If so, file this form with other backup documentation required for your P-Card purchase. For additional information on purchasing electronic services, see Section 7.2 - [Purchase of Goods and Services](#). For information on public and/or sensitive data, see <http://go.uillinois.edu/essa>.

Will SSNs, credit card information, or health/medical data be used by the service?

- Yes. Stop here. You may not make this purchase with a P-Card.
- No, proceed to next question.

Will student information (for example, grades, advising notes, class rosters, student names (UINs) be used within the service?

- Yes. Stop here. You may not make this purchase with a P-Card.
- No, proceed to next question.

Is the data you plan to use within this service considered "public" by the University?

- Yes, proceed to next question
- No. Stop here. You may not make this purchase with a P-Card.

Will students in a classroom or computer lab be required to use the electronic service?

- Yes Stop here. You may not make this purchase with a P-Card.
- No, proceed to next question.

Will faculty/staff with a known disability (as defined by the Americans with Disabilities Act) be required to use the electronic service?

- Yes Stop here. You may not make this purchase with a P-Card.

Contract Approval/Routing Form

- ▶ Download form on OBFS Website
 - ▶ OBFS > Purchases > Forms > Contracts
 - ▶ *Use form designated for Springfield*
 - ▶ Select appropriate "Contract Type" & "Contract Subtype"
 - ▶ Complete required information
- ▶ Person with proper authority should sign CARF
- ▶ Send completed form to Purchasing

CARF Signature Process

Department Head (required)

Dean Director (contracts \$25K or more)

VP/Chancellor/Vice Chancellor
(contracts \$50K or more)

University Counsel (Purchasing will
send if required)

University signs contracts *after* Vendor

- Comptroller designee

SOLICITATIONS

Competitive Solicitations

Purchases > \$100,000

Invitation for Bid (IFB)

- The invitation for bid process is used when the University is able to clearly define the specifications for the desired supply/service.
- **Price** is the primary concern.
- Award is made to the lowest-cost responsive and responsible bidder.

Request for Proposal (RFP)

- For purchasing goods or services when price is not the most important criteria to be considered for awarding a contract.
- Involves development of technical evaluation criteria that is scored.
- Price is a % of the evaluation.
- The RFP is awarded to the supplier who scores the highest in technical and pricing combined.

Specification development

Helpful Hints

Departments should get good estimates to determine if the purchase requires a solicitation.

Departments are able to obtain quotes for goods or services as long as it is public information.

Please refer to the University Ethics Office for information on communications reporting.

<https://www.ethics.uillinois.edu/>

Developing a Competitive Solicitation

The quality of responses received from a competitive solicitation are directly related to the quality and completeness of the solicitation document, specifically the scope of work or specifications.

This requires a collaboration between the requesting Department and Purchasing.

Specification development and fair competition

Are the specifications from a particular vendor's website?

Department should develop specifications without the help of vendors to ensure that specifications do not limit competition.

Specifications should be developed to *encourage* competition.

What to include in specifications...

It is the responsibility of the Dept to provide, as early as possible, full & complete specifications for the products or services requested.

Clearly written/organized specs, establish technical goals, administrative & financial expectations.

Detailed specs include.....

Background & purpose for goods/services

Scope of work including service product with mandatory & desirable requirements

Clear description of deliverables

Basis for evaluation

Department's plan for monitoring performance of supplier

Specification Development

Specifications cannot be tailored to a specific vendor – must be competitive.

Specifications should describe the “need”.

The Department is the subject matter expert, not Purchasing!

Bid/RFP Process

Department Request

- Department determines the need for a solicitation.
- Develops specifications to define need.

Purchasing Department

- The specifications are evaluated by Purchasing staff.

Development

- Purchasing works directly with the Department/Unit's subject matter expert(s) and State Purchasing Officer (SPO) for bid/RFP development.

Public Posting

- The bid/RFP must be posted for public review for a minimum of 15 days.
- Solicitations are posted on the Illinois Public Higher Education Procurement Bulletin.

Award

- The award is posted on the IL Public Higher Education Procurement Bulletin.
- The Procurement Policy Board review period is 15 days from the public posting date.

Contract

- Purchasing will draft contract for services/goods to be provided.
- Upon execution, a purchase requisition is processed for payment.

Sole Source

- ▶ Per Procurement Code, 30 ILCS 500/20-25:
 - ▶ “Contracts may be awarded without the use of the specified method of source selection (IFP/RFP) when there is only one single feasible source for the item.”
 - ▶ With written justification that has been approved by the SPO & PPB
- ▶ Only one vendor can provide goods/services
- ▶ Low price is only available from one vendor (typically manufacturer) (economically feasible)

Sole Source Process

Department Request

- Sole Source Justification Form (SSJF) is received by Purchasing
- OBFS > Purchases > Procedures & Rules > Sole Source Purchases

Purchasing

- The information is evaluated by Purchasing staff

Development

- Purchasing works directly with the Department/Unit's subject matter expert and State Purchasing Officer (SPO) for Sole Source to fully develop the SSJF.

Public Posting

- The sole source must be posted for public review on the Illinois Public Higher Education Procurement Bulletin for a minimum of 15 days and a hearing date posted. The hearing may be cancelled.
- The sole source needs approval from the Hearing Officer and Chief Procurement Office (CPO).

Award

- The award is posted on the IL Public Higher Education Procurement Bulletin.
- The Procurement Policy Board (PPB) review period is 15 days from the public posting date.

Contract

- Contract may be processed after the Sole Source has been approved/waived.
- Purchase order processed for payment.

Board of Trustees of the University of Illinois

- ▶ The following purchase transactions require approval by the Board of Trustees:
 - ▶ P&A services that exceed \$1,000,000 per fiscal year
 - ▶ Supplies, equipment and general services that exceeds \$1,000,000 per fiscal year

This requirement will extend the solicitation process by approximately 3 - 4 months.

PAYMENT MECHANISMS

Purchasing – Payment Mechanisms

P-Card

T-Card

TEM

iBuy

Banner

P-Card

<https://www.obfs.uillinois.edu/card-services/p-card/>

- Small individual purchases under \$5,000
- Restricted and Prohibited goods and services
- P-Card Training and Certification Program
- P-Card Exception requests are not exempt from State certification requirements
- **NOT TO BE USED FOR CONTRACT PAYMENTS**
- *Can be used with applicable software or electronic purchase forms*

T-Card

<https://www.obfs.uillinois.edu/card-services/t-card/>

- Travel credit card
- Allows pre-payment of hotel rooms and other travel expenses
- Catering

Travel & Expense Management

Login to
TEM
travel & expense management

For travel & expense reimbursements

Non-purchase order payments to vendors

One-time payments - contracts under \$10,000

Requisitions for Contract Payments to Vendors

iBuy

<https://www.obfs.uillinois.edu/iBuy/>

- Use for one-time contract payments
- Default payment terms are net 30

Banner

<https://www.obfs.uillinois.edu/purchases/ordering-payment-methods/banner-orders/>

- Multiple payments against the contract
- Change in payment terms (prepaid, NET)

Submitting a Requisition

- ✓ Line Item Description needs to be clear and concise
- ✓ Submit Vendor quote and/or contract terms and conditions
 - ✓ Banner – send to Purchasing via email
 - ✓ iBUY – attach to purchase requisition
- ✓ Document text vs. Line item text - Banner
 - ✓ Internal Notes & Attachments vs External Notes & Attachments (iBUY)
- ✓ Job Aids for Banner and iBuy Requisitions located on the OBFS Website

Keep in Mind When Processing Requisitions

- ▶ Does the purchase require the University to agree to Terms and Conditions?

If NO, PO can be processed

If YES, Send T&Cs to Purchasing for review

A contract may be required

Allow for additional time for processing

UIS Purchasing Goals.....

Provide high level of customer service to the UIS campus



Follow and understand the IL Procurement Code



Follow University Policies and Procedures



Aid Departments with procurement needs



Assist Departments with contract/bid/RFP requirements

UIS Purchasing Staff

- ▶ Jill Menezes, Director of Purchases
 - ▶ 206-6651
 - ▶ jmene1@uillinois.edu
- ▶ Person to be named soon!



Strategic Procurement Opportunities – Dan Szajna

Workshop Summary



Use proper purchasing methods to meet Departments' needs



Work with Purchasing to determine best avenue for purchases/contracts



Utilize strategic contracts to lower costs and get quality products/services

Questions?

