



# UNIVERSITY OF ILLINOIS

AT URBANA-CHAMPAIGN



## 2015 BUSINESS LEADERSHIP CONFERENCE

# Purchasing Overview Small Dollar Purchases

**Presented by:**

- **Janet Milbrandt, Director of Purchasing**
- **Brad Henson, Associate Director of Purchasing**

---

*A Shared Vision*

---

# Presentation Overview



- Rules & Regs for Small \$ Purchasing
- Purchasing Thresholds
- Purchasing Mechanisms
- Requisition Process
- Purchasing Types & Internal Purchasing
- Helpful Tips for Processing
- Payables Tips

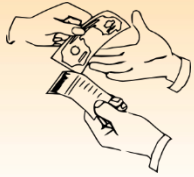


# Rules and Regulations

- Illinois Procurement Code
  - Establishes small dollar thresholds (bid limits)
  - Fair Competition and Solicitation Process
  - Vendor certifications and disclosures requirements
  - Conflict of Interest
  - Reporting of material communications
- OBFS Policies and Procedures Manual
- Campus Administrative Manual

# Purchasing Thresholds



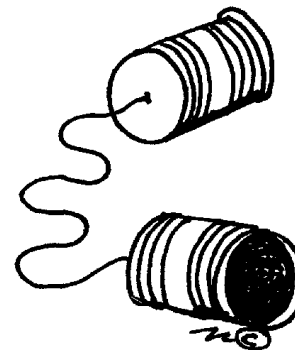


# Small Dollar Purchase – Article 20

(30 ILCS 500/20-20)

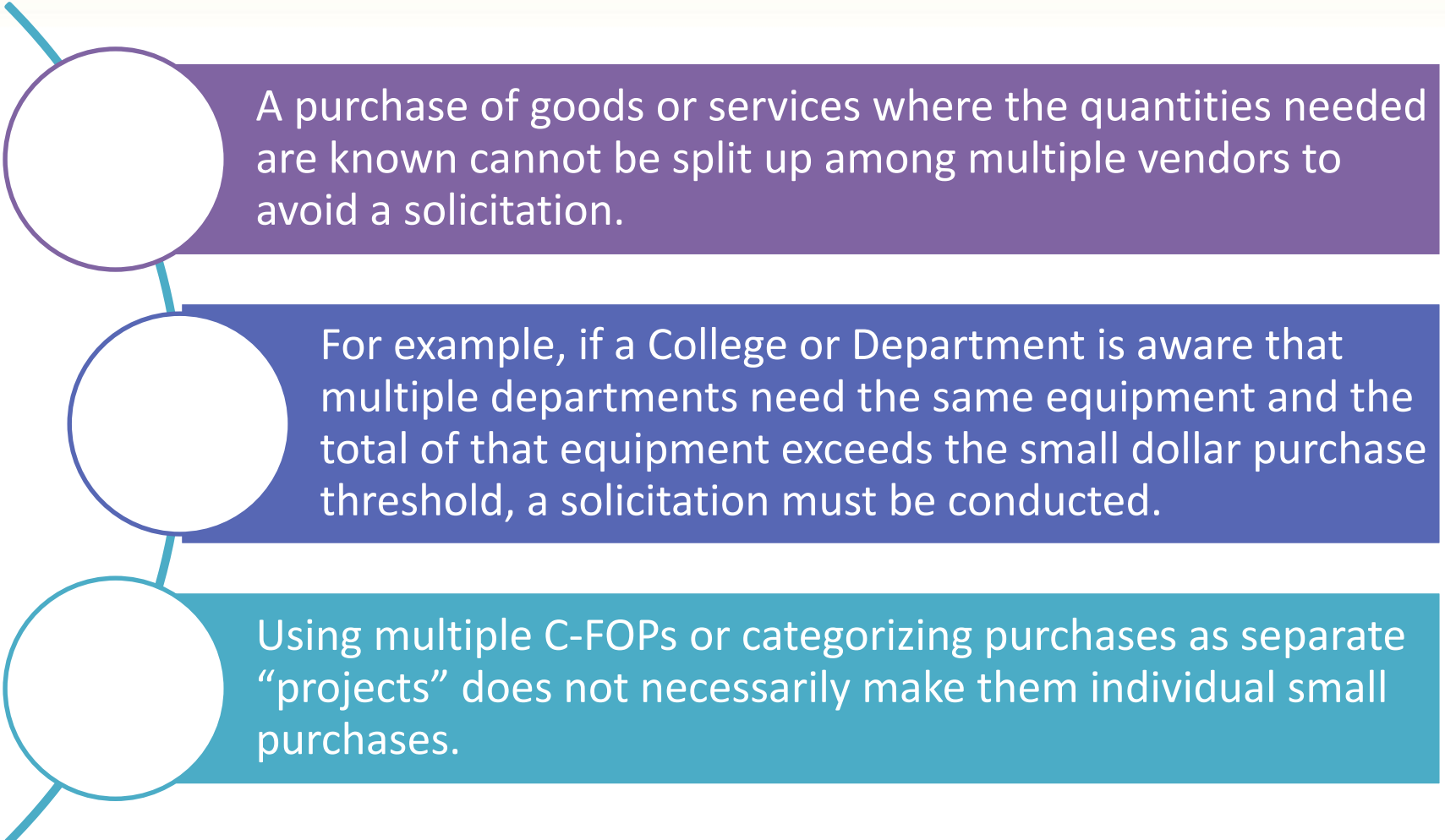
(a) Amount. Any individual procurement of supplies or services other than professional or artistic services *[not to exceed FY bid threshold]*... may be made without competitive sealed bidding. Procurements shall not be artificially divided so as to constitute a small purchase under this Section.

What do we call this?



# Small Dollar Purchase – Article 20

(30 ILCS 500/20-20)



A purchase of goods or services where the quantities needed are known cannot be split up among multiple vendors to avoid a solicitation.

For example, if a College or Department is aware that multiple departments need the same equipment and the total of that equipment exceeds the small dollar purchase threshold, a solicitation must be conducted.

Using multiple C-FOPs or categorizing purchases as separate “projects” does not necessarily make them individual small purchases.



## Small Dollar Purchase and Total Cost



- Total costs that exceed the bid threshold without a solicitation is a violation of the IL Procurement Code – Article 20, Source Selection.
- A State of Illinois Contract Ratification must be approved by the Chief Procurement Officer PRIOR to paying the vendor.



Resolution of a contract ratification can take an extended amount of time.



## e-Procurement – iBuy Catalogs

Provides on-line catalogs in a shopping cart environment.

Upon department approval (G&C queue) a purchase order is created and faxed directly to the vendor.



Purchase orders of \$100,000 or more go to the Campus purchasing approval queue.





# Small \$ Purchasing Mechanisms

## 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

## T-Card

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

- Travel Card
- Allows pre-payment of hotel rooms and other travel expenses.
- Catering

## Miscellaneous

Payment under \$500 for small goods

- Limited to one-time purchase under \$500 for small goods
- See Policy and Procedures, Section 8, Cash Payments  
<https://www.obfs.uillinois.edu/bfpp/section-8-payments-reimbursements/>

# Department Purchase Request Process

Department Staff creates a requisition



Department Approval(s)



Grant & Contract Approval Queue: Equipment & Lease requisitions with Account Codes rolling up to 157000 or 163000

>= \$5,000 for State of IL Grants Fund Type 4G

>= \$25,000 for all other sponsored projects; Fund Types 4A, 4C, 4E


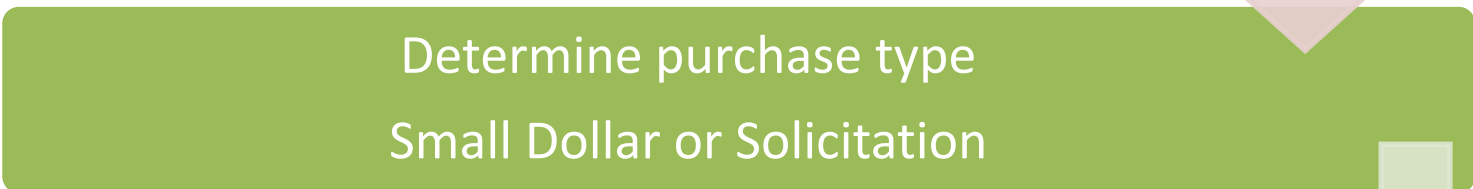


Purchasing



# OBFS Purchasing Process – At a Glance



Requisition is assigned to a Buyer



Determine purchase type  
Small Dollar or Solicitation



Review of contract terms, shipping, etc.



Federal Grants: SAM, Federal Flow Down,  
Purchase Justification



Execute 2 party agreement  
Create Purchase Order

# Department Requisitions - iBuy

## Regular PO – Non Catalog Form

- Department approval workflow
- PO Routes directly to the vendor < \$5,000
- Form is restricted in use:
  - Furniture
  - Services
  - Quote with terms or contract

## Regular PO – Route to Purchasing Form

- Purchases for restricted goods and services
- Purchases of \$5,000 or more

# Department Requisitions - Banner

## Regular PO

- One-time need or payment
- Receiving is available
- Requires quantity and unit price

## Standing PO

- Items needed on a continuous basis
- No receiving available

## Banner is the Preferred Requisition at UIUC

- Comments Field to track renewals and contracts
- Class code is used to communicate with Payables
- Shipping Code and Payment Term
- Contracts spend data for iCS EDW



# Submitting a Requisition

- ✓ Line Item Description needs to be clear and concise
- ✓ Submit vendor quote and/or contract terms and conditions
- ✓ Shipping

<https://www.obfs.uillinois.edu/purchases/purchases-types/po-shipping-terms-urbana-campus/>

- ✓ Document text vs. Line item text (Banner)
- ✓ Transaction date (determines fiscal year / date payables can pay)
- ✓ Commodity Codes

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

- ✓ Job Aids for Banner Requisitions located at:

<http://www.obfs.uillinois.edu/cms/One.aspx?portalId=909965&pageId=912753#requisitionprocessing>

- ✓ Banner: Please submit a requisition to Urbana Purchasing and forward any attachments and/or scope of work to [urbanapurchasing@uillinois.edu](mailto:urbanapurchasing@uillinois.edu) and add the requisition number to the subject line.

# Timeline?



- Requisition Processing time varies depending:
  - Completeness and accuracy of initial information provided by the department – please be clear and concise.
    - » This includes change orders.
  - Whether there are negotiated contract terms or a two-party agreement required.
  - State required forms.
  - Seasonal renewal processing, please be aware of timelines for renewal submissions.
  - Need for a solicitation.
    - » Bid, RFP, sole source

# Professional & Artistic Services

- The classification of Professional & Artistic Services are reviewed on a case by case basis.
  - The Illinois Procurement Code provides some guidance regarding classifications:





# General Goods & Services

## Services

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

## Goods

- Anything you buy that is tangible (you can touch it) for example, supplies, chemicals, furniture, lab equipment, uniforms, etc. or intangible, for example software.



## Software & Online Services

- Software and electronic services for which the total cost is less than \$5000 may be purchased with a P-Card if certain requirements are met.
- 7.2 Policy manual – Purchase of Goods and Services
  - Computer Software and Electronic Services

<https://www.obfs.uillinois.edu/bfpp/section-7-purchasing/section-7-2>
- All other software agreements need to route through Purchasing for processing.

# Contracts

## Terms & Conditions (T&C)

### Purchase Order



- ☐ Quote Only
- ☐ No change or minor changes to T&Cs
- ☐ Low Risk purchase

### Two-Party Agreement



- ☐ Establishes clear agreement to terms by both parties
- ☐ Higher risk terms
- ☐ Changes to indemnification or liability

# Communication



- ✓ Please allow additional time for processing of terms and conditions/contracts.
- ✓ Departments are copied on vendor and SPO communications (emails).
- ✓ We welcome departments to “reply all” and ask for status updates.

# Contractor Services

- Provided by Facilities & Services (F&S)
- What is Contractor Services:
  - Provides campus clients with a “one stop shopping” program for engaging the services of contractors. Repair, maintenance, and operations can be supported through the Contractor Services Program, which ensures:
  - <http://fs.illinois.edu/services/construction/contractor-services>
  - Compliance with the Illinois Procurement Code and the Campus Admin. Manual
  - Oversight to ensure quality, consistent pricing structure, and accessibility to a wide range of contractors.
  - A resource for engaging contractor for all needed work across the campus

# Internal Campus Vendors

- Illini Union
  - Bookstore
  - Document Services
  - Mailing
  - U of I Catering
  - Car Pool
  - Conference Center at I-Hotel
  - Allerton Park Conference Center
  - F&S Operations & Maintenance (O&M) services
  - WebStore – Software purchases
- 
- Payment handled with a Banner Journal Voucher

# Master Contracts

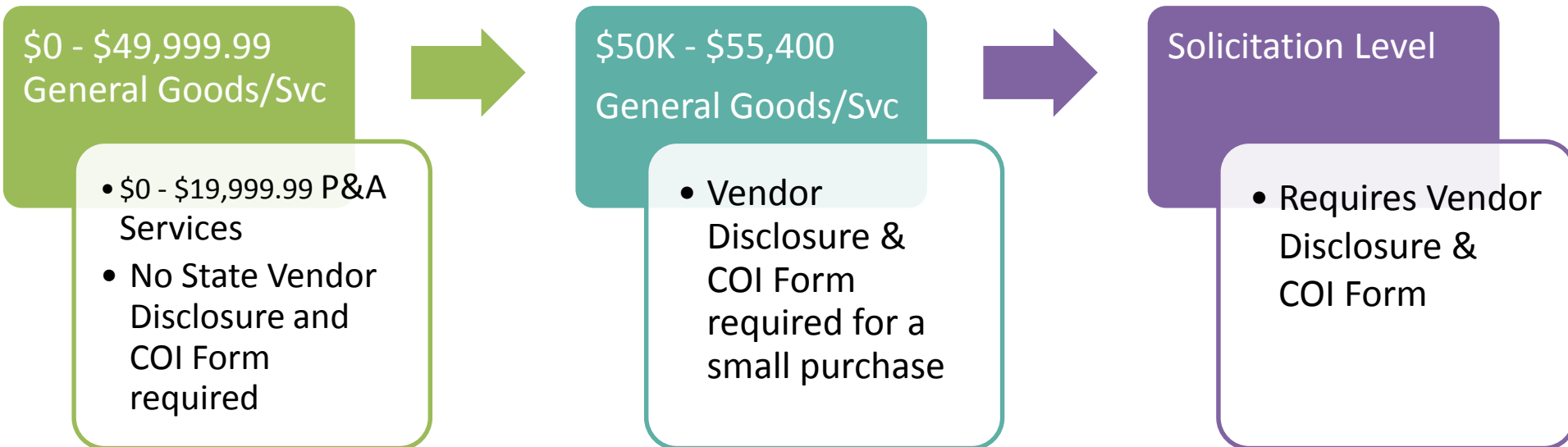
- Master contracts are contracts where the terms are already negotiated for goods and services.
- Terms may include items such as payment terms, product warranties, intellectual property ownership, and the like. This allows units to attach on to the terms of the master contract when completing a purchase of services or goods.
- The unit will still have to complete the appropriate purchase mechanism such as a i-BUY order, banner requisition, etc. before the goods are ordered or services rendered.
- [Procurement Contracts Search](#)



# Conflict of Interest (50-35)

## Vendor Disclosure Form & Conflict of Interest Form

(as of January 1, 2015)





# Helpful Tips – Shipping Terms

- Please refer to the Urbana Shipping procedures at:  
<https://www.obfs.uillinois.edu/purchases/purchases-types/po-shipping-terms-urbana-campus/>
- Please ensure your quote includes shipping terms.
- Please use a Banner Requisition when you need to include shipping terms on the purchase order.
  - iBuy PO's do not have any shipping terms.

# How to Reduce Change Orders

- Provide correct quantities and prices on the original requisition. (Expired catalogs)
- Departments may add up to 20% over the quote for catered events.
  - Please add a separate line item stating “contingency for additional charges”.
- Provide clear and concise line Item descriptions.
  - Product number and description
  - Description and term of services

# Helpful Tips – Payment Terms

- The default Payment Term is Net 30
- iBuy does not pass Payment Terms to Banner
  - ✓ All iBuy Purchase Orders (PO) are Net 30
- Please ensure your quote includes Payment Terms.
- Please use a Banner Requisition when you need to include Payment Terms on the PO.

# Over Tolerance Thresholds

- What causes an over tolerance?
  - There is no tolerance for quantity, any additional quantity is over tolerance.
  - When an invoice line item is 10% over Unit Price or
  - \$150 over the total amount of purchase order.

# Example - Over Tolerance

## Item Price

- 100 items @ \$1.00 = \$100
- Invoice: Item price \$1.11
- Item Price is > 10% (\$1.10)

## Quantity

- 100 items @ \$1.00 = \$100
- Invoice has 101 items
- No tolerance over quantity

# Helpful Tips – Over Tolerance

- Most quantity and line item over tolerance occurs on an iBuy non-catalog orders under \$5,000
  - Expired Catalog pricing
- The \$150 total amount over tolerance threshold tends to occur on service agreements or standing purchase orders.
  - Estimated costs for catering

# When a Quote is an Invoice

- Submit a “Special Payment Form” using additional comments to notify Payables.
  - When PO matches exactly, payment isn’t stopped.
  - When partial payments are required and one document states it’s a quote and one an invoice.
  - When the vendor uses the quote date as the invoice date and it appears to be before the PO print date.
  - A Banner requisition is required when using Special Payment Form.



Encourage vendors to submit invoices directly to Rantoul for quicker processing.

