



2015 Administrative Leadership Conference

Purchasing Methods

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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

Purchasing
Mechanisms

Requisitions

Contracts

Solicitations

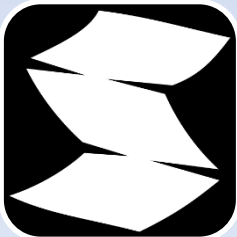


Small Dollar Purchases

Illinois Procurement Code



Establishes small dollar thresholds which encourages fair competition



Requires vendor certifications and disclosures



Purchasing Thresholds





Small Dollar Purchase

- 30 ILCS 500/20-20 states:
 - (a) Amount. Any individual procurement of supplies or services other than professional or artistic services *{not to exceed the fiscal year 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.

Small Dollar Purchases

- Purchases of goods or services where quantities are known cannot be split up among multiple vendors to avoid a solicitation.
- Using multiple C-FOPs or categorizing purchases as separate projects does not necessarily make them individual small purchases.
- Total costs that exceed the bid threshold without a solicitation is a violation of the IL Procurement Code.
 - Article 20, Source Selection & Contract Formation



Purchasing Mechanisms

P-Card

T-Card

TEM

iBuy

Banner

Contracts

Bids/RFPs/Sole Source



Purchasing Mechanisms

P-Card

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

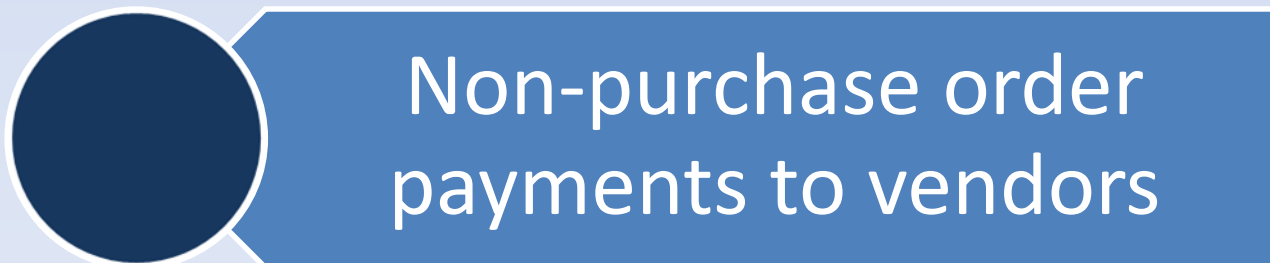
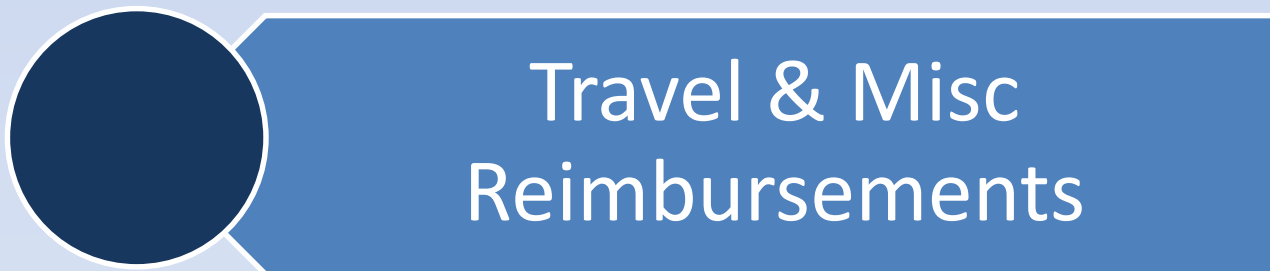
- Small individual purchases under \$5,000
- Restricted and Prohibited goods and services
- P-Card Training and Certification Program
- P-Card Exception requests are not exempt from State certification requirements

T-Card

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

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

Travel & Expense Management





Purchase Requisitions

iBuy

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

- An online marketplace for purchasing goods and services through requisitions
- Provides University approved vendors who have provided negotiated pricing for their products and services
- User-friendly
- Streamlines purchasing processes for users

Banner

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

- Purchase goods and services through requisitions
- Standing orders
- Allows for receiving on the Purchasing Order



Submitting a Requisition

- ✓ Line Item Description needs to be clear and concise
- ✓ Submit Vendor quote and/or contract terms and conditions
- ✓ Payment (iBuy is set to Net30, can change terms in Banner)
- ✓ Document text vs. Line item text (Banner)
 - ✓ Internal Notes & Attachments vs External Notes & Attachments (iBUY)
- ✓ 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 and iBuy Requisitions located on the OBFS Website



Shipping Terms

- Ensure that your quote includes shipping terms from Vendor
 - Remember that iBuy does not have any defined shipping terms
 - Banner allows for defined shipping terms
 - FOB Destination, Origin or Shipping Point
- Add one line item to the requisition with the cost for shipping (estimate if necessary)



Over-tolerance Purchase Orders

- What causes an over-tolerance?
 - Invoices over listed quantity on original PO
 - Invoices per line item that are >10% over price
 - Or invoices that are \$150 over total dollar amount
- Payables will contact you for approval or clarification before PO can be paid
- Should a change order be required, contact Purchasing for assistance and processing



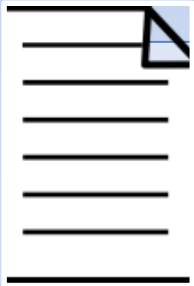
Keep in Mind When Processing Requisitions

- 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

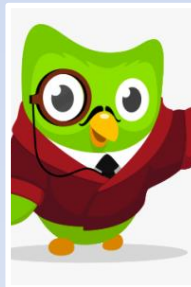
Authority



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.



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)
- 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 to be completed
- Provide as much time as possible for completion



Types of Contracts

Handled through Purchasing Office

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

Handled through Office of Business Services

- 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.

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:*





Contract for P&A Services < \$5,000

- Complete University Standard Template
 - University of Illinois Contract for Professional & Artistic Services under \$5,000
 - For low risk and nonrecurring services
 - Completed by user Department
 - Include a *detailed* statement of work
 - Executed by Department Head in the name of the Comptroller (Walter K. Knorr) *after* vendor signs
 - Payments processed through TEM
 - Executed *before* services are provided



P&A Services > \$5,000

Department to Draft Scope of Work

- Send information to Purchasing
 - Have a CARF completed and sent to Purchasing
 - Requisition processed
- Purchasing drafts contract
 - Final draft to Department for approval
- Purchasing sends contract to Vendor for signatures
- After execution, PO will be processed



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
- 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>
- ***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



Grant Funds and Contracts

- Does naming a vendor in a grant budget or donation exempt the purchase from the Procurement Code?
 - Only when the granting agency mandates in the grant award a specific vendor must be used.
 - A donor must require the use of a specific vendor in writing to the Foundation to exempt the purchase.
- Grants or donated funds that require specific goods or services typically require a sole source, RFP or bid.



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 for this when required)

University signs contracts *after* Vendor

- Walter K. Knorr designee



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



Competitive Solicitations

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.



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

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/>



Specification development and fair competition

Are the specifications from a vendor's website?

Department should develop specifications without the help of vendors to ensure that specs are not geared towards a particular vendor.

Specifications should be developed to encourage competition.



Specification Development

Specifications cannot be tailored to a specific vendor.

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 a 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 Bulletin.
- The Procurement Policy Board review period is 30 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 economically 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
- <http://www.illinois.gov/ppb/Pages/Resources.aspx>

Buyer Assignment

- 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 30 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

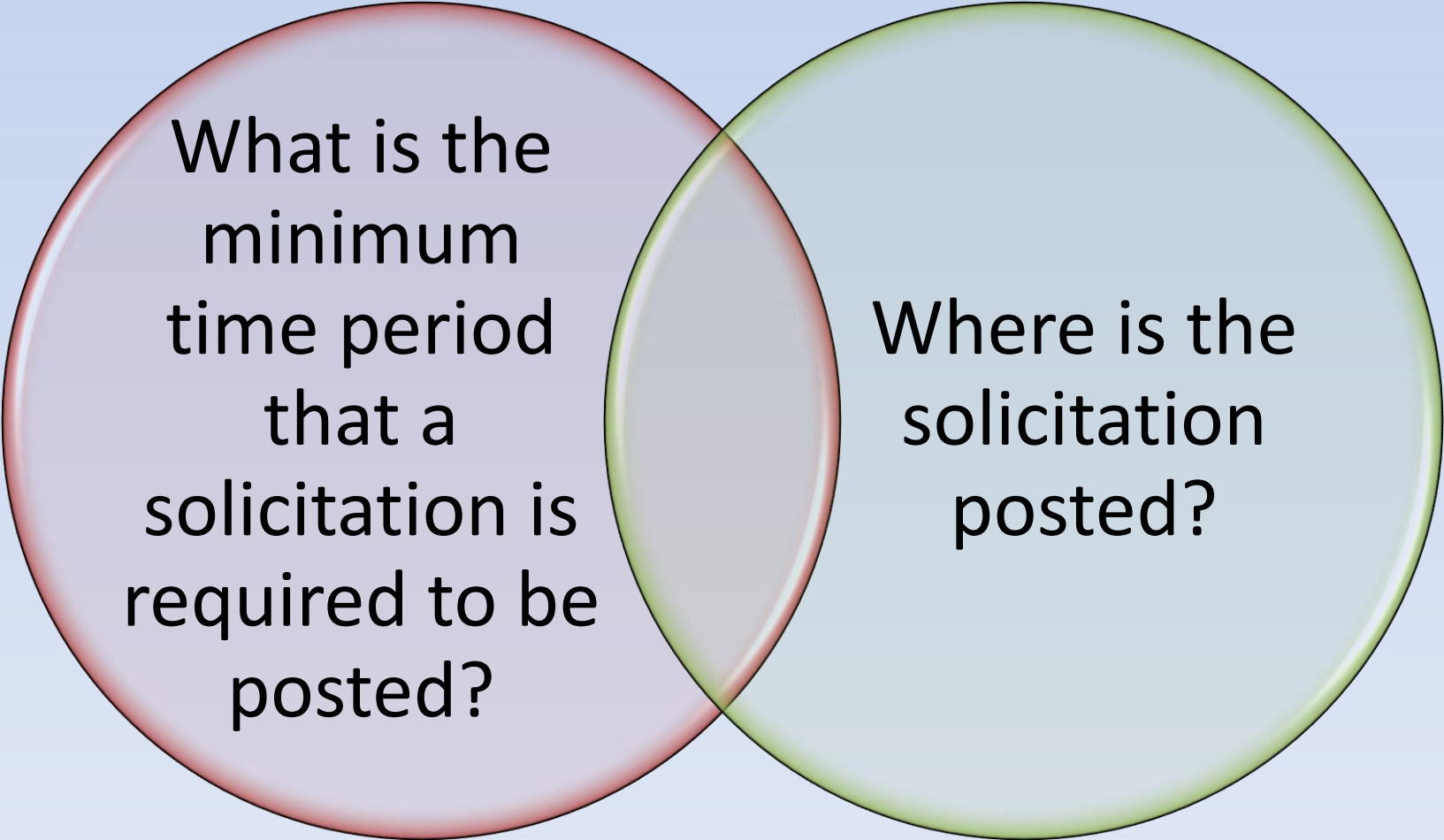
This requirement will extend the solicitation process by approximately three-four months.



Quiz.....

What is the dollar amount for professional and artistic services which would require a solicitation to be processed?

Quiz....

A Venn diagram consisting of two overlapping circles. The left circle is light red with a darker red border and contains the text "What is the minimum time period that a solicitation is required to be posted?". The right circle is light green with a darker green border and contains the text "Where is the solicitation posted?". The overlapping area in the center is a mix of red and green.

What is the
minimum
time period
that a
solicitation is
required to be
posted?

Where is the
solicitation
posted?



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



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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?

