



Purchasing Procedures

January 2016

PROCEDURE

The Purchasing Department conducts the purchasing function in accordance with the ethical practices of the purchasing profession and makes decisions that result in the best net value to the University. (Net value includes several factors: timely delivery, service, quality price, etc.) . Purchasing should be involved in the entire transaction process-- from helping to establish the specifications given to vendors, to ensuring satisfactory delivery of requested goods and services. Requesting departments should specify what is needed in enough detail and clarity so that Purchasing and the vendor(s) have no question as to what is wanted. Purchasing will give assistance in writing specifications, if requested.

All department proposals and contracts processed through the purchasing system will be reviewed by Purchasing prior to processing a purchase order to a vendor. No final commitments should be made by department personnel on the terms, scope of work and pricing of the contract without prior involvement and communication with Purchasing.

When a department needs to purchase a product or service, Purchasing will check to see if there is an established Preferred Vendor contract that they could use. If there is no Preferred Vendor for the product or service needed, verbal or written bids must be solicited from at least two or three vendors for purchases between \$5,000 to \$10,000. If the product or service is over \$10,000, at least two or three written bids must be solicited. The best way to determine which vendor to do business with is to make that decision based on a competitive solicitation among potential suppliers. It is a good business practice to make award decisions based on a best net value assessment of their quote or proposal (taking into account a variety of factors in addition to price, such as delivery capabilities, quality, past performance, training, reporting capabilities, compliance with specifications/requirements, financial stability, etc.). The award should be made to the responsive and responsible bidder that offers the best combination of all of these factors. If a sole source is chosen as the vendor, complete documentation is required before a purchase order is processed.

After the fact purchases that do not comply with the process of the purchasing cycle (Purchase Requisition, Purchase Order, Receiving, Invoicing, and Payables), will be reviewed on a case by case basis to determine if the requestor had a valid reason in not following purchasing procedures. Verbal communications will be made to educate the requestor about following procedures and written violation letters will be sent if it is determined that the requestor's order was done intentionally to circumvent the Purchasing cycle.

In keeping with Purchasing's responsibility to purchase goods that give the University the best net value, Purchasing may not always buy from the source suggested on the purchase requisition. Purchasing's effectiveness in negotiating and buying is seriously hampered by department personnel stating preferences and making premature commitments to vendors. This can cause considerable misunderstanding and damaged relationships with our valued vendors. No goods or services should be purchased or committed without proper prior approval for dollar amounts more than \$1,000.

Correspondence with suppliers relating to present orders, for the purpose of changing specifications, quantities, delivery requirements, or cancellations shall be directed to Purchasing personnel who then will make the

communication to the supplier. Purchasing, through the expediting process, will keep departments apprised of the status of each of their orders. Purchasing desires to work cooperatively with all University personnel.

PURCHASE REQUISITION

Generally, campus purchases must be made by submitting a Purchase Requisition to Purchasing. A purchase requisition is the “internal” tool used to identify items to be purchased *from off-campus suppliers*. Purchase Requisitions do not have a minimum or maximum dollar limit. But, where possible, individuals are encouraged to use Purchasing Cards for transactions less than \$1,000.

Departments may authorize personnel to contact vendors to determine specifications or to obtain estimated costs but may not initiate a binding agreement or commit funds. Although items considered to be "sole-source" may not be competitively bid, other opportunities exist for negotiation. Therefore, "sole-source" purchases are not exempt from this policy.

For purchases less than \$2,500, selection can be made by a requestor determining the best value to the University. No quotations are required, but comparison pricing is suggested.

The Purchasing Department will process the requisition as follows for non-contracted items:

- Purchases from \$2,500 - \$5,000 require a purchase requisition, and a purchase order. Purchasing Buyers will have the option of obtaining verbal or written bids on a case by case basis.
- All purchases over \$5,000 to \$10,000 require a purchase requisition, purchase order and two or more verbal or written quotations. When competing quotations are not available, documentation must include an explanation.
- All purchases over \$10,000 require a purchase requisition, purchase order and at least two or three written quotations. When competing quotations are not available, documentation must include an explanation.

The Purchasing Department may not alter specifications shown on the Purchase Requisition without the permission of the requesting department. However, Purchasing may discuss stated specifications, available alternatives, current market conditions, and quality considerations with the requesting department.

University organizations should retain copies of their issued Purchase Requisitions for a minimum of one year beyond the current fiscal year.

PURCHASE ORDER

When a properly completed and authorized purchase requisition is entered into the University’s electronic purchasing system (*PeopleSoft*), it is assigned a purchase order number. Eventually, that number is committed to the selected supplier. The Purchasing Department is not required to purchase from suggested sources.

Once a purchase number has been issued to a supplier, only the Purchasing Department can make changes to specifications, quantities, pricing or delivery instructions with the vendor. If a change is needed to a purchase order, contact the Buyer who placed the order with the supplier.

To obtain payments for goods or services specified on purchase orders, suppliers are required to include purchase order numbers on their invoices. All supplier invoices must be sent to the Accounts Payable Department.

Generally, suppliers are instructed to deliver materials to the University’s Receiving Department. Receiving Department personnel complete final deliveries to campus addresses specified on Purchase Orders.

When Purchasing has placed the order with a vendor, a copy of the Purchase Order (PO) will be sent to the requesting department. The department should place the PO in an Open File for reference when the items are received and when the charge appears on the accounting reports.

BUYER'S APPROVAL LIMITS ON PURCHASE ORDERS

Buyer's may approve and sign for purchase orders less than \$50,000. Any amounts over the \$50,000 limit must be signed or initialed by the Director of Procurement and Retail Services.

