Purchasing Procedures & Policies Training

October 21 & 22, 2014
Finding Information on Purchasing

• Purchasing has a plethora of information available on both CougarMart and the Purchasing Intranet Pages

• Both CougarMart and the Intranet Pages can be accessed through CougarWeb

• Let’s take a walk through the information that is available on the Intranet site
Getting to Intranet Through CougarMart

- Click on CougarWeb, Purchasing link to be taken to the Purchasing Department Intranet page
Getting to the Intranet Through CougarWeb

- Go to My Workplace Tab and select Purchasing under Business Administrative Services.
What can I find on the Intranet site?

• What are the various requisition cut-off dates?
  – http://inside.collin.edu/purchasing/index.html

• When does my requisition and specifications, if necessary, have to be to Purchasing in order to make the Board Agenda for a certain month?
  – http://inside.collin.edu/purchasing/board_agenda.html
On the General Procedures Intranet page, you can find information on all of the following:

- Purchasing Function
- Purchasing Thresholds
- Sole Source Purchases
- Cooperative Purchasing Contracts
- Emergency Purchases
- Preparing the Requisition
- Special Requirements for Capital & Controlled Equipment
- Change Orders
- Open Purchase Orders
- Award of Quotes & Bids
- Receiving Orders
- Shipping Terms
- Shipping Costs
- Vendor Documentation
- Inventory Control
- Federal Grant Funding
Intranet Forms

• Links to the following forms can be found on the Intranet:
  – Justification for Emergency Acquisition
  – On-line Quote form
• The following forms can be found in CougarMart under Showcased Services
  – Change Order form
  – Sole Source Justification Form
  – New Vendor Add Form
  – Business Cards and Memo Pad Order Forms
Purchasing Function

• Centralized Purchasing System
  – Purchasing places all orders for all campuses, department & divisions
  – All requests must be entered in CougarMart and routed through the approval path
  – Bid thresholds are determined by the entire District spend
  – Bid solicitations are done on behalf of the entire District

• Texas Education Code 44.031
• Government Code 2267 - Construction
• Government Code 2254
  – Professional and Consulting Services
Purchasing Thresholds

• Less than $2,000 – one current price quote required from requesting department
• $2,000 - $4,999 – Three (3) price quotes obtained by the requesting department
• $5,000 - $49,999 – Purchasing solicits formal written quotes
• $50,000 and over – Purchasing solicits formal bids or proposals
  – legal notice requirements apply
Purchasing Thresholds, cont.

- All expenditures of $25,000 or more must have Board approval before a purchase order is processed
- Board approval of the Budget does not mean that the Board has approved the purchase
- Thresholds are determined by the aggregated amount spent within a 12 month period, District-wide
- Purchase orders will not be processed until required quotes, bids, proposals and approvals are received
Legal Notice Requirements-$50,000+

- The District is required to advertise in a newspaper, published within the county, the time and place where responses will be received.
- Notice must be published once a week for at least two weeks before the deadline.
- In addition to the requirements above, all formal solicitations are posted to our e-bidding system.
Quotes

- When requesting quotes, whether written or verbal, requirements should be clearly communicated to the vendor(s).
- Consistent requirements should be communicated to each vendor.
- List all requirements for goods and services.
- Shipping Terms
- Location
- Are there special needs?
- Use of e-mail for obtaining quotes
Cooperative Purchasing

- The District participates in several cooperative purchasing programs that offer volume discounts for items commonly purchased by a number of public entities.
- Purchases made through a cooperative may satisfy the competitive bid requirement.
- Cooperative Purchasing Programs
  - TCCCPN
  - Choice Partners
  - TIPS
  - U.S. Communities
  - State of Texas
  - TCPN
  - Buyboard
  - E& I Cooperative
  - Collin County Governmental Purchaser’s Forum
Bookstore Purchases

• Purchases from the Bookstore should be for consumable office supplies only.
• You should not purchase the following items from the Bookstore:
  – Furniture
  – Electronics, such as computers, printers, copiers, fax machines, scanners, etc.
Furniture Quotes & Requisitions

• Plano Office Supply and KI, our primary furniture vendors, both have punch-outs in CougarMart with standard items

• Quotes for specialty furniture items can also be added to the punch-out for each of these vendors
Open Purchase Orders

• Open purchase orders may not exceed $2,500, except for the following:
  – Library books & media
  – Temporary personnel

• The privilege of having open purchase orders is to allow you to get the items you need when you need them and should only be used for:
  1) emergency purposes
  2) many small dollar purchases are anticipated for supplies throughout the year.

• If it appears that open purchase orders are being abused, then privileges will be suspended.

• Items with a unit price of $500 or greater should not be purchased through a open purchase order.
Open Purchase Orders, cont.

- Your quantity and dollar amount must be reversed.
- Receipts/invoices must be sent to AP within 3 working days and must have the organization manager’s signature.
- The open purchase order number must be referenced on the receipt/invoice.
- If notices from AP requesting receipts/invoices have to be sent more than once, privileges will be suspended.
- Receivers must be done on an open order in Banner.
- Once the dollar amount on your open order is reached, a new open order must be created.
- Include names of authorized staff.
- Include last 4-digits of account number on Home Depot.
Change Orders

- Change orders cannot be done on purchase orders that are at the “Final Received” status in Banner. A new requisition must be entered.
- Change orders for additional items, which exceed $500, must be placed on a new requisition. Exception would be for repair of equipment, building, etc. where the cost of the repair is estimated on the original order.
- Change order requests will be reviewed on an individual basis. It is the department’s responsibility to make sure that funds for the additional cost are available in their budget.
- Change orders must have Board approval before being processed if total value of order is or will be over $25,000.
Electronic Bidding

• Vendors register to receive solicitations in their respective fields
• Vendors can view bid opportunities and respond online
• System is used for formal, sealed solicitations, as well as informal quotes
• Submitted bids are locked until the date and time of closing
• System automatically tabulates the bids
• Vendors can view bid tabulations online

www.collin.edu/purchasing
Why do we award to the low bidder?

• We don’t! In determining to whom to award a contract, the District shall consider:
  – The purchase price;
  – The reputation of the vendor and the vendor’s goods or services;
  – The quality of the vendor’s goods or services;
  – The extent to which the goods or services meet the District’s needs;
  – The vendor’s past relationship with the District;
  – The impact on the ability of the District to comply with laws and rules relating to historically underutilized businesses;
Evaluation Criteria, cont.

– The total long-term cost to the District to acquire the vendor’s goods or services;
– for a contract for goods and services, other than goods and services related to telecommunications and information services, building construction and maintenance, or instructional materials, whether the vendor or the vendor’s ultimate parent company or majority owner:
  • has its principal place of business in this state; or
  • employs at least 500 persons in this state; and
– Any other relevant factor specifically listed in the request for bids or proposals*

*You must be able to justify listing these factors and be able to justify your recommendation based on any of the criteria!
Anyone who makes a purchase in a manner, which does not follow established purchasing procedures, enters into a private transaction with the vendor, and assumes responsibility for payment. **Confirming orders are not acceptable!** The requesting department should enter a requisition and call all approvers on the approval path to expedite approval of the requisition. The requesting department should then contact the Purchasing Department to request that the requisition be processed promptly.
Signatory Authority

• Cary Israel, District President
• Ralph Hall, District Vice President of Administrative Services and CFO

- These are the only two individuals at the college that are authorized to sign contracts, agreements, or anything that obligates the college financially.
- Even though the agreement may not have a dollar value, there could be terms included that would obligate the college financially.
- Contracts, agreements, etc. should be forwarded to Purchasing for review, Purchasing will review and negotiate any changes with the vendor and, once agreed to by vendor, will take to Ralph for his signature.
Bid Specifications

• The information that you provide on your requisition or attached specifications will be used to create the bid

• Information should be clear, concise and must not be restrictive

• Having a vendor write bid specifications is considered a conflict of interest and that vendor will be prohibited from bidding
  – Vendors tend to write restrictive specifications that will prohibit other vendors or products from meeting the specifications
Bid Specifications, cont.

• Things to consider when preparing specifications:
  – Timelines: When do you need it?
  – Issues that can affect timeliness of deliveries
    • Stock outs, backorders
    • Economic, environmental or political issues
    • Time of year
    • Force Majeure
  – Where do the goods need to be delivered or services need to be performed?
  – Is there a specific room or location inside the building that the goods need to be delivered to?
Specifications: Things to consider, cont.

- Is there installation involved? If so, who is going to do the installation? Does the vendor provide installation?
- Provide a specific or estimated quantity.
- Are licenses or certifications required?
- Warranty, training, support.
- Who are the vendors that can provide the goods or service?
- What evaluation factors need to be considered?
- Will there be any changes to the facility or anything related to the facility that will need to be considered?
  - Get Facilities Manager or Director of Facilities and Construction involved early on.
Specification Resources

• Need help writing your technical specifications?
  – Contact Purchasing for great specification resources
  – Contact other agencies that have purchased the same item or service

• The earlier that you involve Purchasing in the process, the better.
Sole Source Purchases

- When a product or service can only be provided by one vendor, the department must provide sole source documentation to Purchasing as back-up before the order will be processed or taken to the Board for approval.
Emergency Purchases

• Must be entered into CougarMart and expedited through the approval path by the requesting department

• Emergency expenditures are defined as follows:
  – To remove hazards
  – To protect property
  – To protect people
  – To alleviate financial loss
  – To alleviate operation damage
  – To expedite repairs
Receiving

- Receiving should be done in Banner as soon as possible to insure prompt payment to the vendor
- Document shortages and overages
- Only approve payment for quantity actually received
- Partial payment
- Items should be checked-in immediately
- Before signing for goods, check boxes for damage.
- If there is damage to the box, check to make sure the contents are not damaged.
- If contents are not damaged, you can go ahead and accept delivery.
Receiving, cont.

• If contents are damaged, notify the vendor immediately.
• If damage that could not be detected upon receipt is noticed when the goods are put to use you need to notify the vendor immediately.
• Always test goods to make sure there are no latent defects.
Shipping Terms

- F.O.B. (Free on Board) determines the point at which title or ownership transfers and responsibility for the goods while in transit.
  - F.O.B. Destination: Shipper maintains ownership and is responsible for the goods until received by the buyer at the destination indicated on the purchase order.
    - Any loss or damages would be handled by the shipper.
  - F.O.B. Origin: Buyer takes ownership and responsibility once the goods leave the shippers location.
    - Any loss or damages would be handled by the buyer.
Shipping Costs

• Important to include shipping costs on the purchase order.

• Ask vendor to include shipping in their price or give a separate price.
  – Ideal shipping term is F.O.B. Destination, freight prepaid and allowed.

• Shipper pays freight, owns goods in transit and files claims.
Vendor Documentation

• Always document unsatisfactory performance by a vendor and send to Purchasing to keep on file. You never know when unsatisfactory performance will become habitual, so keep good records in order to support any future debarment of the vendor or actions against the vendor.
Closing

• Always plan ahead!
• Get Purchasing and Facilities involved early!
• Document, document, document!
• Get it in writing!
• Use CougarMart and the Purchasing Department Intranet site as a resource!
  http://inside.collin.edu/purchasing/index.html
• Questions???