



UNIVERSITY OF ILLINOIS  
AT URBANA-CHAMPAIGN



2009 BUSINESS LEADERSHIP CONFERENCE

Navigating the Purchasing  
Labyrinth

March 18, 2009

*Business Leadership at Illinois: Collaborating for a Brilliant Future*

# Workshop Presenters

- Susie Baker  
Contract Coordinator, University Payables  
[susbaker@uillinois.edu](mailto:susbaker@uillinois.edu)
- Natalie Crook  
Purchasing Officer, Purchasing  
[ncrook@uillinois.edu](mailto:ncrook@uillinois.edu)
- Jim Martinie  
Director, University Payables  
[martini1@uillinois.edu](mailto:martini1@uillinois.edu)
- Cathy Reisner  
Associate Director, Purchasing  
[reisner@uillinois.edu](mailto:reisner@uillinois.edu)

# Please ...

- Turn off cell phones.
- Avoid side conversations.
- Ask questions of clarification throughout the presentation – other questions should be held until the end of the presentation.
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

# Workshop Objectives

- Understand some of the existing compliance issues and how they affect the procurement timetable.
- Provide an awareness of how handling potential compliance issues up front can transform an administrative headache into a best business practice.
- To provide information that assists you in following and understanding laws and guidelines.

# Purchasing & University Payables Goal

Efficiently support the University mission of research and education while protecting the assets of the institution and ensuring compliance.

# Purchasing

Responsibilities of OBFS Purchasing consist of business processes related to the acquisition of goods and services, including professional and artistic services, assuring that all legal statutes and University requirements are met.

- Is the only division designated to enter into contracts on behalf of the University of Illinois at Urbana-Champaign
- Implement sound business practices and consultation to campus units
- Perform services in an ethical manner and preserve the integrity of the process
- Enforce compliance with the Illinois Procurement Code, Higher Education Procurement Rules, Board of Trustees & State and Federal Regulations

# University Payables

University Payables is responsible for adjudicating vendor invoices (and credits) by:

- Invoice data entry; Ensuring proper vendor name and address selection
- Ensuring compliance
- Matching line items against PO lines (or contract contents)
- Completing the invoicing data record with accurate dates, FOAPs, descriptions, etc. and posting of the departmental expense

Remediating and processing exceptions:

- With vendors, departments, purchasing and/or strategic procurement

Producing payments with:

- Accurate and timely (net 30 days) vendor settlement
- Providing accurate remittance information and resources to vendors

Vendor Maintenance

- New vendor set up
- Address changes, mergers/acquisition updates, etc.

# Best Business Practices

- Segregation of responsibilities
  - Purchasing
  - Payables
  - Cashiering
- Stewardship of institutional funds
  - Compliance
  - Contractual Authorization
  - Lowest Total Cost of Ownership



# Compliance Requirements

- Federal Uniform Commercial Code Requirements
- Illinois Procurement Code (including Bid, RFP and Sole Source requirements)
- Procurement Policy Board (PPB)
- Board of Trustees
- Contracts
- Non-Conforming Orders
- Vendor
- State Requirements

# Federal Uniform Commercial Code Requirements

- One of a number of uniform acts formulated in an effort to synchronize the law of sales and other commercial transactions in all 50 states.
- In governing interstate business, its purpose is
  - to simplify, clarify, and modernize the law governing commercial transactions;
  - to permit the continued expansion of commercial practices through custom, usage, and [agreement](#) of the parties;
  - to make uniform the law among the various jurisdictions.

# Illinois Procurement Code

All procedures used by Purchasing are established according to the Illinois Procurement Code (Code).

In accordance with the Code, the Chief Procurement Officer of Higher Education sets the bid authorization levels. Annual adjustments are based upon the Consumer Price Index as provided in the Higher Education Procurement Rules. The current levels are:

- Supplies/Services (including equipment) \$50,000
- Construction \$70,000
- Professional/Artistic Services \$20,000

Those construction-related professional services subject to the Architectural, Engineering and Land Surveying Qualifications Based Selection Act [30 ILCS 535] are exempted from the Procurement Code, and currently are required to be procured through competitive selection procedures of \$25,000 or more.

# Sealed Bid Specifications

Sealed bids are used when price is the most important criteria in making an award. It is the requisitioner's responsibility to provide full and complete specifications for the products they are requesting be purchased.

Information should minimally include:

- Description/product #
- Quantity and units
- Cost estimate/Budget
- Desired delivery dates/Schedule
- Delivery information
- Any considerations including special government approvals
- Names and addresses of potential respondents

Illinois State procurement law mandates that bids and sole sources be advertised for 14 full days on the [Illinois Higher Education Procurement Bulletin](#) In order to have 14 full days, the bid is advertised on the partial 15th day.

# Request for Proposal (RFP)

- An RFP is the appropriate competitive process for purchasing goods or services when price is not the most important criteria to be considered for awarding a contract.
- The RFP is awarded to the supplier who best meets the qualifications and criteria specified in the RFP.
- It may involve negotiating technical requirements, scheduling, type of contract, terms and conditions, and price, including best and final offers. In contrast, a Sealed bid is awarded to the lowest responsible bidder.
- It is the responsibility of the department to provide Purchasing, as early as possible, with full and complete specifications for the products or services requested.

# RFP (cont.)

- A complete Scope of Work addresses the following:

<b>What</b>	<b>-Tasks, deliverables expected</b>
<b>When</b>	<b>-Time for performance</b>
<b>Where</b>	<b>-Location, access</b>
<b>How</b>	<b>-Specific method or standard of performance</b>
<b>Why</b>	<b>-Goal of services sought</b>
<b>Who</b>	<b>-Qualifications required to perform services</b>

- Encourage vendors to accept the standard University Contracts

# Sole Source Purchases

- Requirement available from only a single supplier/contractor or
- Only one supplier/contractor is deemed economically feasible
- Complete and submit a Sole Source Justification Form to Purchasing  
(<http://www.obfs.uillinois.edu/purchases/SolePurchaseJustificationForm.doc>)
- Sole Sources are not renewable – justification must be submitted annually to be sure the purchase remains a sole source.

# Procurement Policy Board (PPB)

- Sole source procurements and awards made pursuant to a competitive bid process are subject to review by the PPB.
- The PPB was established as an independent State agency with the authority to hold hearings regarding the implementation and administration of the Illinois Procurement Code, to review specific procurement transactions, and to recommend policy regarding those transactions.
- Public Act 93-0839 requires that the PPB review procurements prior to the issuance of a contract or purchase order. The PPB reviews sole sources and awards posted on the Illinois Higher Education Procurement Bulletin and has 30 days to: grant a waiver from review, request more information about the transaction, or conduct a more in-depth review. **A purchase order or contract cannot be issued by the University until approval has been received from the PPB, or the 30-day review period has expired.**



# Board of Trustees

The following purchase transactions require approval by the Board of Trustees:

- Professional Services requiring payment by the University in one fiscal year: \$100,000
- Supplies, equipment and non-professional services requiring payment by the University in one fiscal year: \$200,000
- Capital project budgets: \$2,000,000
- Contracts for professional services related to capital projects: \$150,000
- Construction contracts: \$500,000
- Change Orders: \$50,000

# Contracts

- Departments should submit a Requisition to Purchasing BEFORE the vendor begins services.
- The requisition should contains the following information:
  - What : tasks/deliverables supported by a vendor quote and/or statement of work
    - A complete Scope of Work addresses what, when, where, how, why and who
      - What – Tasks/deliverables expected
      - When – Timeline for service
      - Where – Location and access
      - How – Specific method or standard of service
      - Why – Goal of services being sought
      - Who – Qualifications required to perform the services
  - Timeline: start and end dates

# Contracts

- Where: location where the work will be performed, e.g. onsite at the department
- Price : Total cost of project including travel and expenses if applicable
- Contacts:
  - Department Technical Contact
    - Name, Phone Number, Email Address
  - Vendor Contact
    - Name, Phone Number, Email Address

# Contracts

- Database and Hosting Contracts
  - All previous information should be included
  - Pricing should include any maintenance, hosting, support, training, travel, etc.
  - Include any
    - Vendor terms and conditions
    - End User License Agreement
    - Hosting Agreement
    - Support/Maintenance Agreement
    - Privacy policy

# Contracts

- Attachments
  - Provide any documentation as an attachment to [urbanapurchasing@uillinois.edu](mailto:urbanapurchasing@uillinois.edu)
  - Examples:
    - Vendor Quote
    - Vendor Terms and Conditions
    - Scope of Work
    - Any vendor agreements, such as End User License Agreements, Maintenance Agreements, Privacy Policy, etc.

# Contracts

- When all documentation has been received, Purchasing will negotiate the terms and conditions with the vendor and route any two party signature agreements.
- Negotiation and routing of a contract generally takes a minimum of 2-3 weeks.
- Upon completion Purchasing will issue a Purchase Order.

# Non-Conforming Orders

- Non-Conforming orders were highlighted in the State of Illinois audit and the University was directed to establish a procedure to prevent after-the-fact purchases.
- A non-conforming order is an after-the-fact purchase and means that the request for purchase order, contract, and change or procurement action is submitted to Purchasing after the receipt of goods or services by the end user.
- The University is developing policies and procedures to address non-conforming orders which may require additional departmental actions including significant documentation.

## Planning and Preparation of Purchases Information

- Successful and timely procurements do not happen without proper planning. Success in getting what you want when you need it, is a result of good planning.
- Your planning should involve the Purchasing Department. We are a service department with you as our customer. Involve us in the early stages of your planned procurement and we can make the process move smoothly and efficiently so you get the products and services you need. This process will also assure the purchase is made in accordance with University procurement policy and State law.
- We need to remember that we deal with public funds and are accountable for how we spend that money. When auditors determine that purchases violate purchasing rules, individuals can be held personally responsible. In addition, Federal auditors can revoke grant sponsorship when procurement rules are violated on federal funds. To prevent this from happening, plan ahead, and get Purchasing involved early.



- **Activities Involved in a Purchase**

- Banner Requisition
- Develop RFP/Sealed Bid (transactions over \$20,000 for Professional & Artistic Services or \$50,000 for Commodities and General Services)
- Advertise RFP/Sealed Bid (minimum of 14 days)
- Pre-proposal conference/University Site Visit(s) (optional)
- Bid Opening
- Dept. Evaluation of Submittals of Bids/RFPs
- Proposer Presentations/Proposer site visit(s) (optional)
- Best and Final offers
- Departmental Letter of Recommendation/Written Justification, CARF & Contract Draft
- Finalize Contract - Purchase Recommendation
- Post award on Bulletin and receive waiver
- BOT approval (when required)
- University Executes Contract/Issues Purchase Order

# Vendor Requirements

- Completed Vendor Information Form to establish vendor in Banner/iBuy
- Proper ID – Tax Identification Number (W-9)
- Excluded Parties List (Office of Foreign Asset Control)
- Board of Elections Certification
- Conflict of Interest
- Identify Diversity Vendors

# Filing Requirements

- All Professional and Artistic Contracts over \$5,000 must be filed with the IL Comptroller's office within 15 calendar days of final execution.
- All Leases, Payable and Receivable, must be filed with the Illinois Secretary of State within 15 calendar days of final execution.

Note: To ensure compliance, documents are required in the Contract Section, University Payables within 7 calendar days of final execution.

# Why Master Contracts?

- No solicitation required
- No posting
- No negotiation of terms and conditions
- Reduced vendor set up requirements



# Challenges

- Compliance vs. Accuracy vs. Efficiency
- Current Economic Environment
- Changing Technology
  - State
    - Paper processes
    - Out-dated systems
- Unique Requirements of a University Environment

### Do's

- Plan ahead
- Develop detailed Scope of Work/specifications
- Involve Purchasing early in the process
- Provide administration of contract based on the terms
- Process payments in a timely manner
- Encourage Diversity Vendors

### Don'ts

- Engage in non-conforming purchases
- Divide large purchases into a series of smaller purchases
- Don't sign any contract, license, proposal, order confirmation, agreement.....

# Information Resources

- OBFS Web Site - [www.obfs.uillinois.edu](http://www.obfs.uillinois.edu)
- Business & Financial Services Policy & Procedure Manual  
[www.obfs.uillinois.edu/manual/](http://www.obfs.uillinois.edu/manual/).
  - Contains business and financial policies that apply to the University and its three campuses.
- Campus Administrative Manual - [www.fs.uiuc.edu/cam/](http://www.fs.uiuc.edu/cam/)
  - Includes policies, procedures, information, forms, guidelines, etc. for the Urbana-Champaign campus.

## In order to facilitate procurement processes, departments help by:

- Planning – start early
- Using the most current forms
- Providing accurate, correct Vendor/Employee name and Vendor number/UIN.
- Providing complete department contact information.
- Providing complete description (business purpose).
- Providing correct FOAPAL
- Communicating
  - Knowledge of Vendor information/changes
  - Advise OBFS staff promptly of changes and other developments
  - Respond as quickly as possible to email and voice inquiries
- Contact OBFS with questions throughout the process



Questions / Concerns?