



# PURCHASING POLICY TRAINING

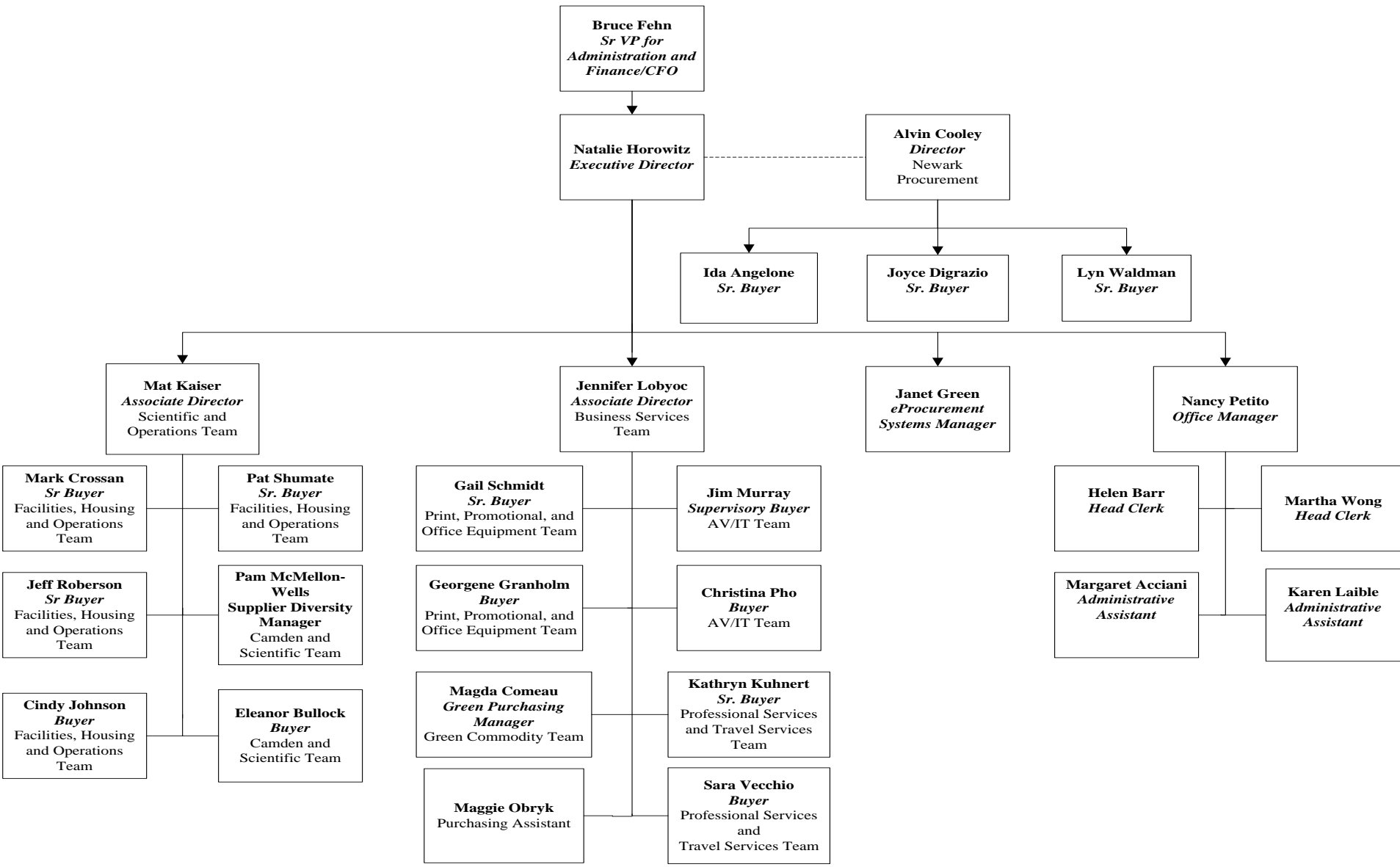
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Executive Director  
University Procurement Services

# Agenda

- Introduction to University Procurement Services Staff
- Responsibilities
- Purchasing Process
- Contact Information
- Q&A

## University Procurement Services (UPS)

## Organizational Chart



# What has changed in the Purchasing Policy?

- Nothing Really – Add clarifications to the policy and purchasing process
- Replaced the Bid Waiver form with the Request for Sole/Single Source Procurement
- Implementation of the Quick Order Audits
- New Category Codes added in RIAS

# Department Responsibilities

All University departments and employees must:

- Ensure that individuals making purchasing decisions are knowledgeable of, and comply with, the University purchasing and related policies and procedures;
- Ensure that all purchases made with University funds are appropriate, necessary, reasonable and directly related to the goals and mission of the University. Under no circumstances may University financial resources be used for personal expenditures; and
- Use the RIAS Procure to Pay system for all purchases of goods and services. This includes appointing individuals as preparers and approvers capable of fulfilling the duties and responsibilities of these roles and who are properly trained in RIAS.

# Rutgers Competitive Process

- **For goods and services \$40,000 and above:** UPS will seek formal competitive bids from multiple suppliers.
- **For goods and services between \$5,001 and \$39,999:** The University will obtain at least three quotes in writing.
- **For goods and services \$5,000 and below:** Departments may generally purchase directly from a supplier.

## Why the competitive process?

- Ensures that the department is procuring goods and services that provide best value to Rutgers by testing the market place.
- Ensures fair and ethical business relationships with suppliers.
- Ensures compliance with state and federal rules and regulations.

# The Competitive Process

- Request for Information (RFI): Used to solicit information from suppliers and is normally used to obtain general information about products, services or suppliers. It is also used when a large or complicated purchase is being considered and the potential pool of suppliers must be pre-qualified.
- Informal Bids: Used to obtain quotes from three or more suppliers. Price is the determining factor as to which supplier will be used.
  - Departments need to clearly define the set of services or specification of goods
  - Quotes must be obtained in the same time period and the request must be for the exact same specifications (quantity, description, scope of work etc)
  - Contact the appropriate Buyer in UPS for assistance in obtaining informal bids or for a list of suppliers in that commodity area  
<http://purchasing.rutgers.edu/ccodes.htm>



# The Competitive Process

- Request for Proposals (RFP): Used when the department wants multiple suppliers to describe how they would address a defined project or task.
  - Price is usually not the single determining factor in evaluating RFP's
  - Departments need to clearly define the set of services or specification of goods
  - **Required** for all purchases over \$40,000
  - Contact UPS to initiate the RFP process
- Request for Quotation (RFQ): Used when price is the single factor used to select the best source of supply.
  - Departments need to clearly define the set of services or specification of goods
  - **Required** for purchases over \$40,000
  - Contact UPS to initiate the RFQ process

# Sole/Single Source Procurement

**Sole Source:** Only one supplier is capable of providing a good or service and it is not possible to obtain competitive bids.

Example:

- Supplier is the only company that sells parts to repair their patented microscope. Select Goods or services can be obtained from only one (1) supplier and the RSSP Form and describe the unique characteristics of the product or service.

**Single Source:** Multiple sources of supply are available but, for specific reasons, the good or service should be purchased from a specified supplier.

Example:

- During a hurricane a building is damaged and \$10,000 worth of lumber is required to board up the windows. Home Depot is the only store open and is closest to campus so the purchase is made at Home Depot. Select Emergency on the RSSP Form and provide rationale above.

# Sole/Single Source Procurement

## Process:

- Complete a Request for Sole/Single Source Procurement.(RSSP) All sections must be completed and supporting documentation must be attached. (example: grant document, note from supplier etc.)
- Obtain Quote from Supplier.
- Attach Quote and RSSP Form to Requisition for Purchase Order in RIAS as “To Buyer”.
- If over \$1 million dollars the Board of Governors must approve the purchase prior to the issuance of the Purchase order.

# Sole/Single Source Procurement

## Examples of inappropriate Sole/Single Source Justifications

- Our department always uses this supplier
- Our department prefers or likes this supplier
- Our department did not have time to bid this (because the department waited too long and now needs the good or service immediately)
- The researcher told us we had to use this supplier (and no additional rationale provided)
- This supplier is well established and reputable
- The work already started so we do not have time to bid

# University Preferred Contract Suppliers

Preferred Supplier Contracts are established by UPS for the purchase of goods or services, which are either competitively bid or negotiated with suppliers that meet the requirements for sole/single source procurement. These agreements may include group and cooperative purchasing agreements that the University may utilize. When making a purchase for goods and services contracted with a Preferred Contract Supplier, departments do not have to obtain additional quotations

- **Current Preferred Contract Suppliers**

- Office Max – Office Supplies
- Dupli – Stationery and Business Cards
- Haworth c/o CFI and for Office Furniture
- Dell, Apple, HP, E-Plus and CDW-G – computers, peripherals and software –see <http://findtech.rutgers.edu/tmpl.php?pg=home&fm=lf>
- VWR for lab supplies
- Miller Rentals for tent and related rentals
- Xerox and Ikon for copiers
- FedEx/UPS for overnight and ground deliveries

# Unauthorized Purchases

An unauthorized purchase is defined as any purchase by a Rutgers employee that violates the Purchasing Policy and any related policies and procedures. University employees who make an unauthorized purchase may have their Purchasing responsibilities suspended or revoked, may face additional disciplinary action, and may be held personally liable for any charges incurred.

Examples of unauthorized purchases include:

- Employee purchases office supplies with a personal credit card
- Employee calls a supplier and places an order for goods or services without prior issuance of a purchase order
- Purchase of goods or services for personal use using University funds

# RIAS (Rutgers Integrated Administrative System)

- Used to initiate all Purchases and Payments
- Always attach a copy of the required documents to your Requisition as “To Buyer” or “To Supplier” in RIAS so the Purchase Order record is complete
- Attend training to learn how to use the system. Registration can be done through Human Resources at <http://uhr.rutgers.edu/ld/PDBACertificateProgram.htm>

# Finding a Supplier

UPS can assist departments in locating suppliers for the specific goods or services. Contact the appropriate Buyer.

If you are processing a Requisition check RIAS to ensure that your supplier is in RIAS

- If supplier has an \* at the end of the name do not use this supplier – the record is out of date and a new record should be in the system.
- If not, complete a new supplier form and have the supplier complete a W-9 form and send both to the appropriate department for processing.
- Adding a new supplier can take 3-5 business days once **all** the documents are received.



# New Category Codes in RIAS

- Coming in March 2012
- Clean up current list of category codes and add approximately 20 new category codes that better define they type of purchase being made
  - Professional Services
  - Athletic Equipments, Goods and Services
  - Computer Equipment, Goods and Services
- Ensures proper routing of your Requisitions to the appropriate Buyer
- General descriptions will remain but should only be used when no other category code can be used.
- Departments will need to select proper category code for all Requisitions
- Allows UPS to run more detailed reports that will in turn allow us to identify contract opportunities

# Purchasing Mechanisms

**Purchase Order (PO):** The University's Purchase Order is a legal document that contains a description of the good or service, payment terms, and terms and conditions specifying protections for the requesting department and the University.

- A PO initiates the purchasing process and must be issued **prior** to a supplier shipping goods or performing services. A PO is not a payment tool.
- If a supplier requires that a contract or quote be signed contact UPS as soon as possible to review and negotiate any terms and conditions.
- There are several types of Purchase Orders including:
  - Exchange Orders
  - Quick Orders
  - Regular Purchase Orders
  - Blanket Purchase Orders
  - Internal Purchase Orders (IPO's)

# Purchasing Mechanisms

**Regular Purchase Order:** Used to purchase most goods and services over \$5,001. The University requires that certain purchases must be made by, or in consultation with, the departments listed below:

- Advertising (Contact University Relations)
- Alterations, repairs and renovation services (Contact University Facilities)
- Asbestos abatement services (Contact Rutgers Environmental Health and Safety - REHS)
- Biological agents (Contact REHS)
- Controlled substances (Contact REHS)
- Firearms and ammunition (Contact Public Safety)
- Fundraising (Contact the Rutgers University Foundation)
- Hazardous waste disposal (Contact REHS)
- Imported Items (Contact University Procurement Services)
- Investment advisors and other financial consultants (Contact Treasury Operations)
- Insurance (Contact the Department of Risk Management)
- Legal services (Contact the Office of the Senior Vice President and General Counsel)
- Lobbyist services (Contact the Office of the Executive Vice President for Academic Affairs)
- Particularly hazardous chemical substances (Contact REHS)
- Radioactive materials (Contact REHS)
- Real Estate Leases (Contact the Office of Real Estate)
- Select agents and toxins (Contact REHS)
- Signage affixed to University property (Contact University Facilities)
- University “branded” communications printed matter, electronic media, etc (Contact University Relations)

# Purchasing Mechanisms

## How to process a Regular Purchase Order:

- Create a Requisition for Purchase Order in RIAS
- Attach all back up documentation in RIAS
  - Informal Bids – attach winning quote “To Supplier” and at least 2 additional quotes as “To Buyer” Total of 3 quotes attached to Requisition.
  - Sole/Single Source – attach supplier quote “To Supplier” and completed and signed RSSP Form “To Buyer”
- UPS must review Requisition and documents prior to approving the Purchase Order
  - Buyers will contact Preparers if additional clarification is required
- Buyers will return Requisitions to the Preparer if it is incomplete or is missing documentation

If a Requisition for Purchase Order is received after the goods or services have been received by a department, the Buyer will issue a Confirming Order letter to the Preparer. UPS will escalate issues where multiple confirming orders are received to the appropriate Dean or Vice President

# Purchasing Mechanisms

**Blanket Purchase Order:** Used when the department can define a specified set of goods or services and the supplier can provide a firm and fixed price for a set period of time.

- Must include a price list
- Departments need to provide list of individuals who are authorized to place orders directly with the suppliers
- In most cases the Blanket Purchase Order should be set for one fiscal year
- Not to be confused with a Contract Purchase Order where a contract is used to define the goods or services to be procured and the pricing (Xerox or Ikon)
- Process the same way as a Regular Purchase Order but attach documents above

**Internal Purchase Orders:** An internal purchase order is used to procure goods and services from an internal University service unit (e.g., Dining Services, Facilities Maintenance Services, Continuing Studies Conference, and Material Services). A complete list of active internal suppliers is available at <http://rias.rutgers.edu/IPOSuppliers.html>.

# Purchasing Mechanisms

**Exchange Orders:** Type of purchase order that is used within the Rutgers Exchange market place with a Preferred Contract Supplier and the Exchange Purchase Order that is sent directly to the supplier, after the appropriate department approvals.

- Purchases can be made in any dollar amount
- Contracted pricing available on-line
- Many suppliers will provide real time stock availability
- UPS has negotiated terms and conditions with the supplier and keeps copy of contract for auditing purposes
- UPS will be looking to increase suppliers in the Exchange over the next 1-3 years

## **Current Suppliers in Exchange**

Dupli (Stationary)

OfficeMax (Office Supplies)

VWR (Lab Supplies)

Dell (Computer Hardware)

CDW-G (Computer Peripherals)

# Purchasing Mechanisms

**Quick Order:** Type of purchase order that can be used for most goods and services purchases of \$5,000 or less and the department must send the Quick Purchase Order directly to the supplier.

Departments must obtain maximum value for each purchase and comply with the University's ethical standards when obtaining price quotations.

- One (1) written quote from the supplier must be maintained by the department for auditing purposes
- Departments **cannot** split a single purchase costing \$5,001 or more into a series of smaller individual purchases for the purpose of circumventing the policy
- Quick Orders **cannot** be supplemented

# Purchasing Mechanisms

Restricted commodities for Quick Orders include:

- Animals (Newark Only)
- Biological agents
- Controlled substances
- Equipment requiring utilities hook-up
- Furniture, carpeting, and window treatments
- Hazardous waste disposal
- Imported equipment requiring customs clearance
- Leases
- Legal Services
- Lobbyists
- Plaques to be affixed on buildings or University-owned property and monuments
- Professional Services
- Radioactive materials
- Select agents and toxins
- For additional restricted items see the [Purchasing Policy](#)



## Quick Order Review and Audit

- UPS will review Quick Order transactions monthly for compliance with the Purchasing Policy.
  - UPS will contact department Preparers and Approvers if a transaction is found non compliant with Purchasing Policy.
  - UPS will keep a log of offenses and if a department repeatedly misuses the Quick Order process it will be escalated to the necessary Dean or Vice President.
- Internal Audit will conduct an independent review of Quick Orders to ensure compliance with policies as well.

# Supplements and Change Orders

**Supplement:** Used to increase the value or time period for performance of a Purchase Order.

- **Cannot** be used for Quick Orders
- Create a Requisition for Purchase Order in RIAS. Indicate in the Description Field “Supplement to PO 12345X”
- Documentation supporting the increase must be attached (contract amendment, additional quote, RSSP if increase is over \$5,000 etc.)

**Change Orders:** Used to change information regarding the Purchase Order (quantity, ship to location etc.) or to close out a balance once the order is paid in full.

- Form is available on-line (cannot be completed in RIAS)
- UPS is testing functionality in RIAS that will allow departments to do financial change orders in RIAS (closing open commitments)

## Purchases that require a Contract

- Departments should not sign any contract to purchase or lease goods and services. If presented with such a contract call UPS to review the contract.
- After review by UPS, contracts should be signed by the supplier and attached to the Requisition for Purchase Order in RIAS once negotiations are completed by University Procurement Services. UPS will counter sign the final contract and send to the supplier with the Purchase Order.
- Contracts come in many shapes and sizes including:
  - Supplier Quotes
  - Contract document
  - Terms and Condition document
  - Click to Accept
- If a Professional Service Provider Agreement is required and the supplier completes the template Agreement the department does not need to send to UPS first. They can attach it in RIAS to the Requisition for Purchase Order.

# Purchases that Require Prepayment

As a general rule the University will not pay a supplier prior to the goods being received or services being rendered, however, the University recognizes the need for deposits for some services. (hotels, catering etc.)

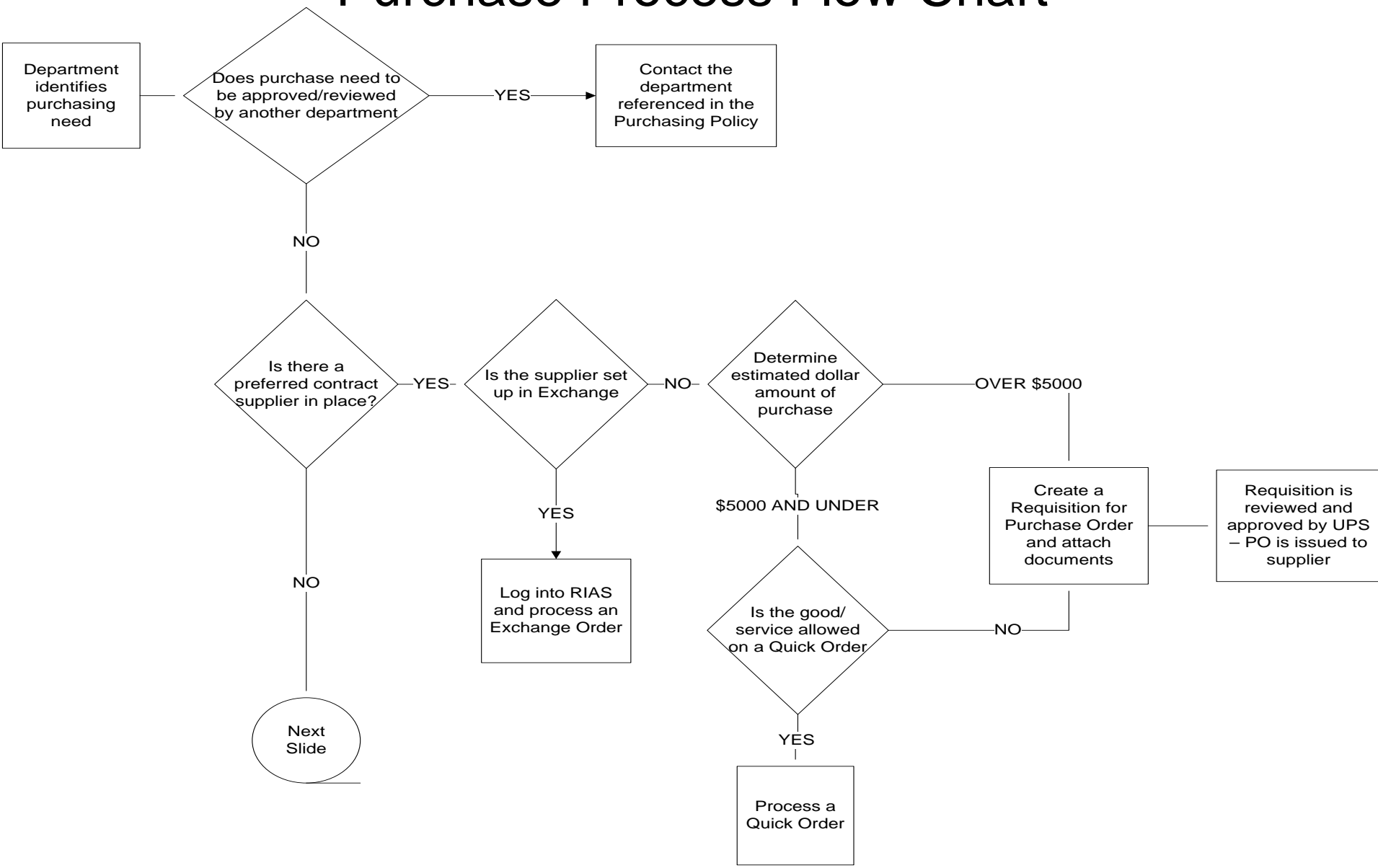
## Current Process if a Prepayment is required:

- Department must issue a Requisition for Purchase Order for full amount
- In the Note to Buyer field the department must indicate a prepayment is required and provide instructions on how check should be delivered (sent to supplier, pick up by department etc)
- Once the Purchase Order is approved, the Buyer will contact Invoice Processing to request a check be issued.

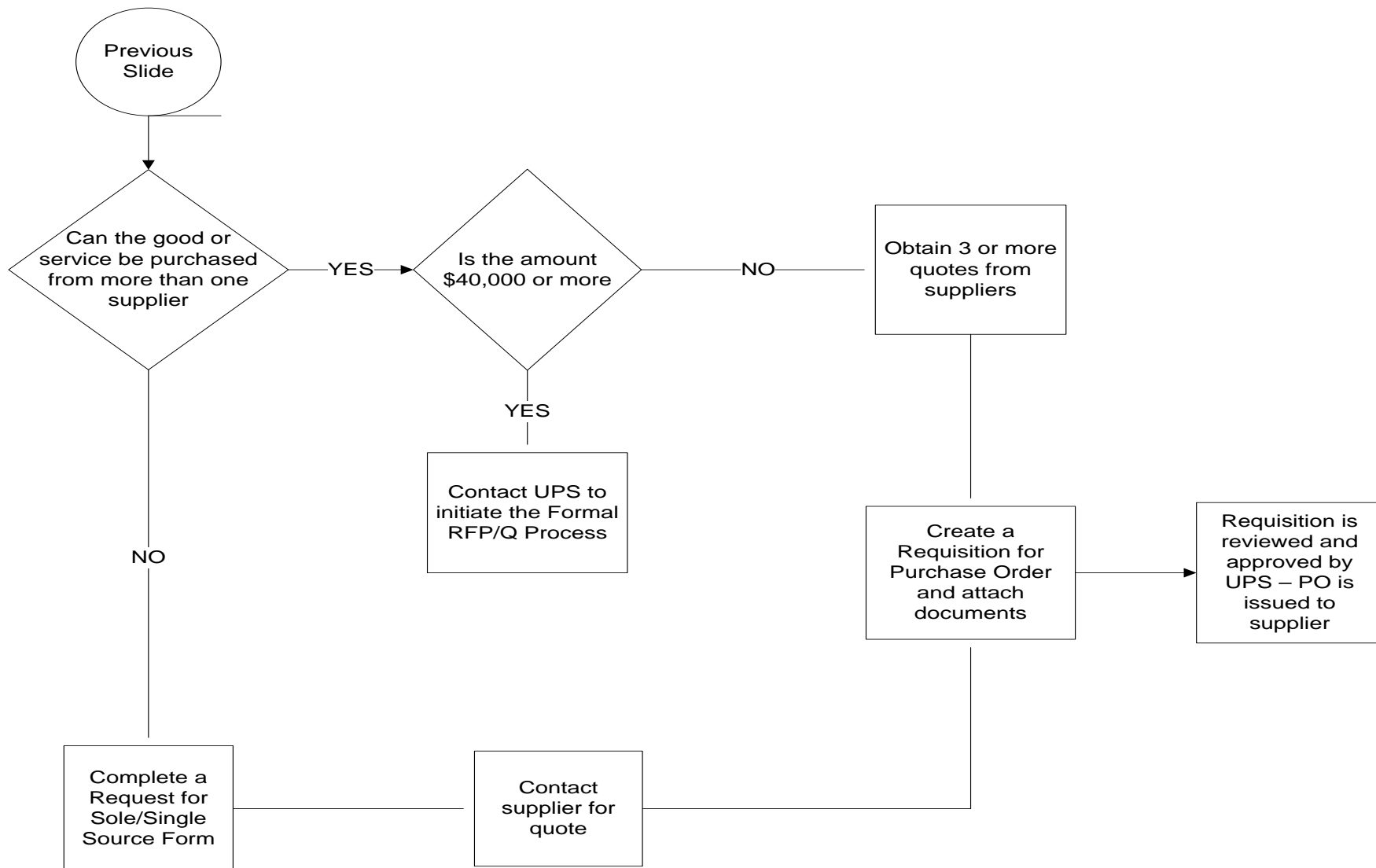
## Proposed Process (still under review):

- Department must issue a Requisition for Purchase Order for the full amount
- Department must break out each deposit amount required as separate line item on Purchase Order
- Once the Purchase Order is approved by UPS, the department can submit the invoice directly to Invoice Processing for payment

# Purchase Process Flow Chart



# Purchasing Process Flow Chart



# Payment Mechanisms

**Check Request:** A Check Request is generated through RIAS by a University department and is an official request to University Accounting to process and issue payment to a supplier. It is used to initiate payment for goods or services that do not require a University purchase order. Check Requests must be accompanied by supporting documentation and an explanation of all charges.

Check Requests are generally limited to the following:

- Honoraria
- Membership Dues
- Subscriptions
- Conference Registrations
- Petty Cash
- Permits
- Postage
- For a complete list of acceptable uses of a Check Request please visit [http://ua.rutgers.edu/disbursement/files/WHEN\\_SHOULD\\_I\\_USE\\_A\\_CHECK\\_REQUEST.pdf](http://ua.rutgers.edu/disbursement/files/WHEN_SHOULD_I_USE_A_CHECK_REQUEST.pdf)

# Payment Mechanisms

**Travel and Business Expenses (TABERS):** The University will reimburse individuals for reasonable, necessary, appropriate, and approved travel and business expenses incurred in the performance of University business in accordance with University policy 40.4.1, Travel, Travel Incidentals, and Meal Expense Policy.

Some travel suppliers (local hotels) will take a Purchase Order and direct bill the University. This is the preferred option where available.



# Professional Service Providers

- **Professional Service Provider (PSP)**: is an independent contractor or company that provides infrequent, technical, or specialized services to Rutgers.
  - Examples of professional service providers include, but are not limited to:
    - Web designers and developers, analysts etc.
    - Market researchers, organizations compiling statistical data
    - Accounting firms
    - Graphic Designers
  - Professional Service Providers are not individuals or companies that provide useful manual skills or labor that may or may not produce a tangible commodity.
    - Janitorial Services
    - Laundry/Cleaning Services

# Professional Service Providers

When dealing with an individual or Limited Liability Company (LLC) the department must ensure that the person is classified correctly as a Professional Service Provider as opposed to an Employee for state and federal tax reporting requirements.

## **IRS has 3 Controls to decide classification:**

- Behavior Control– Does Rutgers have the right to control what the worker does and how he does it; is the scope of work limited and defined
- Financial Control– How is the worker paid, are expenses reimbursed, and who provides tools/supplies, does the worker have other clients, is there a profit/loss potential
- Relationship – Will work be ongoing, will relationship continue; is there a written contract; does the worker receive benefits

# Professional Service Providers

**Independent Contractor:** An individual that contracts with Rutgers to provide a defined set of services, for which Rutgers controls, at most, the desired results of the service, but does not control the means or method of accomplishing the result. An independent contractor is sometimes referred to as a consultant.

**Employee:** An individual who provides Rutgers with services, for which Rutgers controls the desired result and the means and method for which the individual achieves such results.

- Rutgers provides instructions on how the work should be completed;
- Rutgers furnishes equipment and materials for the work to be performed (computer, workstation, etc); and
- Rutgers establishes the work hours of the individual (M-W 8-5)

# Professional Service Providers

Process for Professional Service Providers:

- Review the Professional Service Provider Matrix located at <http://procure.rutgers.edu/ProfessionalServices/profservices%20grid.htm>
- Determine the required paperwork for your Professional Service Provider
  - Scope of Work OR Professional Service Provider Agreement;
  - Request to Engage a Professional Service Provider
  - Additional bids or Request for Sole/Single Source Procurement Form
- Use the proper mechanism for the purchase
  - Quick Orders **cannot** be used for any Professional Service Providers

# Contact Information and Resources

- Purchasing Website <http://purchasing.rutgers.edu/>
  - Purchasing Policy <http://policies.rutgers.edu/PDF/Section20/20.1.11-current.pdf>
  - Preferred Contract Supplier Information <http://purchasing.rutgers.edu/contractsuppliers.html>
  - Purchasing Updates <http://purchasing.rutgers.edu/>
  - Forms (RSSP, Professional Service Provider Agreements etc.) <http://rias.rutgers.edu/forms.htm>
  - Department directory <http://purchasing.rutgers.edu/proc-staff.html>
- University Procurement Services Department 3 Rutgers Plaza, ASB III, 2<sup>nd</sup> Floor 848-932-4375
- Newark Procurement Department 249 University Ave, Blumenthal Hall 973-353-5338