Purchasing/APAY Training
Key Points for Purchasing

Purchasing Limits

- **Purchases less than $10,300** do not require advertising or competitive bidding. While bidding is not required the University encourages departments to solicit quotes, take advantage of volume discounts, and use any other techniques to obtain the lowest possible prices.

- **Purchases from $10,300 - $19,400** require 3 formal quotations. This process may include telephone, fax, internet, or other electronic price quotes. Price quotes must be electronically attached to the requisition.

$19,401 and Higher - Requires Competitive Bidding

**Bidding Requirements**

- As a public university and a member of the Pennsylvania State System of Higher Education (PASSHE) certain bidding requirements are either mandated or have been adopted as good business practice. Under ACT 57, Pennsylvania law dictates that bids will be solicited for all purchases exceeding Nineteen Thousand One Hundred Dollars ($19,400).
Exception to competitive bidding may apply under the following circumstances:

- When the goods and services can only be procured from one source (Sole Source) and a Sole Source Certification has been completed with justification; must be approved by the University Legal Counsel. When we have an existing system in need of maintenance, repair or upgrade and only a single contractor is capable of providing the good and/or service.
- When the needed goods and services are on a “STATE CONTRACT, SYSTEM CONTRACT or COSTAR”
- When purchasing from the Commonwealth Warehouse
- When purchases are required with Unisource (formerly known as Pennsylvania Industries for the Blind and Handicapped (PIBH))
- When goods or services must be obtained on an emergency basis, an Emergency Contract Certification form is completed with justifications and approved by the University Legal Counsel. ‘AFTER THE FACT PURCHASES’ doesn’t make it an emergency.
## Sourcing Options

- Extensive leverage
- Many commodities and services

- Sub-set of State, or
- Stand alone

- PEPPM

- Pepsi
- IT hdwe & consulting
- Telecom
- SIS
- HR admin
- Misc. others
OTHER

- **Emergency Contract**: permissible in circumstances that are a threat to public health, safety, and welfare.
  - Where possible, discuss with University Legal Counsel.
  - Two bids are required.
  - Work can begin before the legal process is completed; however, the legal approval process is still required.

- **Sole Source**: Implies there is only one person or company that can provide the contractual services needed.

- **Prohibited Contracts**
  - Employee/Employer Relationships
  - Contracts for the purchase of insurance. An exception to the rule is collision insurance for rental vehicles.
  - Attorney Services

- **Memorandum of Understanding (MOU)**: Agreement between MU and other state agencies and university affiliates (MAC/CCSI/Foundation). Must be reviewed by University Legal Counsel.

- **Letter of Agreement (LOA)**:
  - An agreement between PASSHE schools
  - LOA is not a contract and cannot take the appearance of a contract
  - Must be approved by University Legal Counsel
Conflict of Interest

“No University employee may use his or her University position to obtain financial gain or anything of substantial value for the private benefit of himself or herself or his or her immediate family. Rebates, free merchandise or future benefits based on purchases made with University funds (including Purchasing Card purchases) must be signed over to the University.”
What is a Requisition?

- A Requisition is the recognition of a need for a good within a department.
- A Requisition is not a legally binding document.
- Approval of a Requisition by a budget holder is the agreement that the need should be satisfied and the budgeted funds are available.
- The Requisition is an authorization for the Purchasing Department to purchase the specified materials.
What is a Purchase Order?

A Purchase Order is used to purchase commodities.

**Commodity:** Something that is bought and sold; an economic good; a useful or valuable thing.

The Purchase Order is the document that legally binds the University (contract).

- A purchase order is the purchaser’s offer to purchase and authorization to formalize a purchase transaction with a supplier.
Required information for a PR

- Check the Public Funds Policy to ensure the purchase is allowable.
- Ensure funds are available in your dept. budget
- **MU Logos** must be approved by the PR office: Dennis Miller.
- Obtain vendor information
- The PR must provide detailed information about the commodity so the approving authorities can accurately understand the request: # of items, size, color, model#, etc. PR’s submitted without necessary detail will be returned to creator so details can be provided.
- **Any supporting documentation must be attached to the PR**: quotes, correspondence, Food/Beverage & Gift/Award approval forms, etc.
- **PR must be coded correctly**: reference MU’s Commitment Item/GL List for descriptions of commitment item #’s and related material group. Requisitions with inaccurate commitment item or material group codes will be returned to creator to be corrected.

Ensuring all of these steps are taken will greatly reduce the turn around time for a purchase order.
GL Commitment Items: How they affect the procurement/accounting process
Creating Purchase Requisitions

A Purchase requisition must be created via the ESS Portal using the Material Management tab or SAP. Once the PR is processed and approved, Purchasing will generate a Purchase Order. Once the Purchase Order has been processed a copy of the approved PO will be sent to the requesting department.
The easiest way to locate a vendor number is to search by zip code.

- Go to mk03 (display vendor),
- Click on the dropdown box next the vendor name and search by zip code.
- In some cases there are multiple numbers for the same vendor. If in doubt, call the Purchasing Department.
Creating a Purchase Requisition in ESS Portal

GO TO - Purchase Requisition Training PowerPoint

This training document is located on Purchasing’s home page.
Purchase Order payment process by Accounts Payable

• AFTER items are received the Requisitioner will need to release the Purchase Order for payment using MIGO in the SAP system.
• Original invoices with the Purchase Order # indicated need to be sent to Accounts Payable.
• Accounts Payable will process for payment once the MIGO is completed and the original invoice is received.
Important information about releasing a PO

- Check the quantity and the price against your PO before releasing. If the price is higher than the price quoted notify Accounts Payable either by email or by writing on the invoice “price difference – okay to pay,” sign and date. If quantity is different please contact Purchasing Department.
- Only release the quantity of items received (ex: PO quantity is two but only one received).
- MIGO of a PO indicates that the items were received and Accounts Payable can process payment.
- Shipping/freight/handling charges not included in the initial PO will be processed manually by Accounts Payable. Do not add another line to the PO.
- Memberships/subscription that cross fiscal years must be split if the amount per fiscal year exceeds $500 (ex: subscription $1,200 for Jan thru Dec; create one line for Jan-June $600 and one line for Jul-Dec $600). MIGO is not required if this is the case. If membership/subscription is for fiscal year then MIGO is required.
What is a Service Purchase Contract (SPC)?

If a vendor will be providing a service to the University, a service purchase contract (SPC) must be processed prior to the service being provided.

Examples of Service Purchases: consultants, external reviewers, equipment maintenance/repairs, rentals of tents and other equipment, speakers or entertainers, print screening, embroidery, annual inspections & preventive maintenance, photographers, outside coaches, scorekeepers, & officials for athletic camps, food vendors, conferences at hotels, bus trip arrangements, interpreters, models, workshops or training to be held on campus, etc.

Why is this important? PASSHE has a set of standard terms and conditions attached to the SPC that the vendor agrees to by signing the document. These T&C’s protect the interest of the University, PASSHE and the Commonwealth. Additionally, payments for services must be reported to the IRS by Accounts Payable.
Prohibited Contract Clauses

- **Assignment**: No assignment without the prior written consent of the university.
- **Legal Jurisdiction**: The laws of the Commonwealth of Pennsylvania must govern.
- **Attorney Fees, Court Costs, Entry of Judgment**: The university may not voluntarily pay the contractor’s court costs or legal fees nor may it allow a contractor to confess judgment on its behalf.
- **Indemnity and Hold Harmless**: Removed from every Commonwealth contract because it compromises the greatest protection afforded the Commonwealth entities: sovereign immunity.
- **Arbitration**: Resolution of disputes by binding arbitration in contracts for goods and services is prohibited. The Board of Claims has exclusive jurisdiction.
- **Payment in Advance**: Prohibited except as justified in writing.
- **Purchase of Insurance**: State System of Higher Education universities may not purchase insurance. Vehicle rentals are an exception.
- **Labor and Industry** approval must be obtained for the addition or movement of utilities. Permits take an average of eight weeks to obtain. When purchasing new equipment, Physical Plant should be notified.
What does this mean?

- All contracts need to come through the Purchasing Office to have the terms and conditions reviewed. Once the T&C’s have been vetted the contract will be signed and a service purchase contract or purchase order will be completed.
Delegation of Authority
Who can sign contracts?

The University President and his/her designees are the only individuals authorized to enter into contracts on behalf of MU.

NO OTHER PERSON OR DEPARTMENT HEAD HAS THE AUTHORITY TO SIGN OR OBLIGATE THE UNIVERSITY BY ENTERING INTO ANY CONTRACTUAL AGREEMENT ON BEHALF OF THE UNIVERSITY OR ANY SUBDIVISION THEREOF.
MU’s Presidential Delegation of Authority Purchasing and Contracting

Francis Hendricks  President
John Adams  VP for Finance and Administration
Tammy Felondis  Director of Budget Planning & Purchasing
Marilyn Wiles  Controller
Jason E. Welch  Purchasing Agent II

*These are the only individuals authorized to sign any contracts, leases, license agreements, etc. on behalf of Mansfield University*
SPC LIMITS & TIMELINES

All SPC’s over $1,000 require approval from the VP F&A. PR’s > $1,000 entered in ESS/SAP will be forwarded electronically to the VP for approval.

- **$5,000 and under**: Complete a *Service Purchase Contract Request Form* at least **two weeks** before the service is needed. SPCs **$5,000 and under** do NOT require approval by University legal counsel.

- **$5,000 to $19,400**: Process a *Service Purchase Contract Request Form* at least **four weeks** before the service is needed. SPCs greater than $5,000 require approval by University legal counsel. Drafting the SPC and getting legal counsel approval adds two weeks or more to the purchasing process.

- **>$19,401**: Process a *Service Purchase Contract Request Form* and bid specifications at least **six weeks** before service is needed. Sealed bids are required for purchases with a value of greater than $19,400 and require Office of Attorney General review and approval prior to the start of the service. If the contract total is equal to or greater than $20,000, it must also go to the Office of Attorney General for approval.

No commitments of any kind must be made prior to receiving legal approval. *After-the-fact requests and/or transactions will not be accepted; VP F&A, University Legal and the Attorney General will not approve after-the-fact purchases or contracts.*
SPC Request Form

- The **Service Purchase Contract Request Form** is an internal document that must be completed by the requesting department to initiate the service purchase contract. This form is available on the University’s Forms page; **an SPC will not be processed unless this form is completed.**

- The **Service Purchase Contract Request Form** must contain detailed information related to the service. The following are some of the required information: department name, fund center, vendor name, address, phone number, social security number/federal ID, contact person, cost of the service, a detailed description about the service to be provided. **For detailed requirements see the Purchasing Department User’s Guide on the Purchasing home page.**

- The Purchasing Department will process the request per the timelines set forth in the Purchasing Departments Policy and Guidelines. (See **Purchasing Department User’s Guide** on the Purchasing home page)

**No vendor/contractor should perform any service to the University without an executed Service Purchase Contract in place.**
· Accounts Payable can not make payment against the contract until it is approved in SAP. Once services are rendered the department will need to notify Accounts Payable to release payment. This can be done via email or writing “OK to pay” on the actual invoice.

· If multiple payments are being made against the contract, please notify Accounts Payable not to finalize the contract.
Outline Agreements

The Purchasing Department has established Service Purchase Outline Agreements for a variety of repetitive services (Comfort Inn, Papa V, etc.). Purchase Order Requisitions are required to be submitted with the invoice to make payment. The Justification & Approval Form for Food must still be completed for food services. The current Service Purchase Outline Agreements can be found on the Purchasing Department’s website, http://www.mansfield.edu/purchasing/.

If you would like a Service Purchase Outline Agreement created for a particular vendor that is not on the list, please contact the Purchasing Department.

MIGO is not required on an Outline Agreement
Special Appointment Contract

All PASSHE employees or current students who perform services for the University (speakers, athletic officials) must be issued payment via a Special Appointment Contract. This form is found on the Human Resources Website at http://www.mansfield.edu/hr/upload/Special-Appointment-Contract.pdf
Miscellaneous Request for Reimbursement (MRR)

- Only used when a Purchase Requisition/Purchase Order or purchasing card is not appropriate.
- DO NOT USE for any type of services.
- The person reimbursed cannot authorize payments to themselves. The form requires the individual’s immediate supervisor approval. If requestor is a Department Chair or Director, then the appropriate Cabinet member or the President needs to approve.
- All purchases to be reimbursed require *original itemized receipts* to be attached to the form.
- All food purchases require an APPROVED Food Purchase Approval & Justification form be attached.
- All gifts/awards and/or promotional items require an APPROVED Justification & Approval for Gift, Award and/or Promotional Purchases form be attached.
- THIS FORM SHOULD RARELY BE USED.
PURCHASING CARD PROCESS CHANGES

- Please refer to the Purchasing Card Policy and Procedures for proper use.

- G/L Account/Commitment Item will no longer default to 660115. Individual will be responsible for entering the correct 6 digit commitment item number manually or via a dropdown box. Mansfield University is implementing this change because PASSHE is looking into completing more collaborative purchases system wide.

- The Excel Purchasing Log will be replaced by each individual printing a report from JP Morgan titled “Statement of Account Landscape” for each card of responsibility.

- This change will be effective in the January to March timeframe with Business Support Services personnel providing appropriate training sessions and manuals at that time.
TRAVEL UPDATE

• Mansfield University is in the research and development stages of implementing the Travel Management Portal located on the ESS system.

• When traveling out of the country please take note that there are certain Export Control regulations that need to be followed. The Export Control policy can be found under the Grants Development webpage. The Travel Abroad Checklist Form and Travel Abroad Certification Form that need to be completed when traveling abroad are located under the Travel section of the Controller’s Office Webpage.