

Purchasing 101

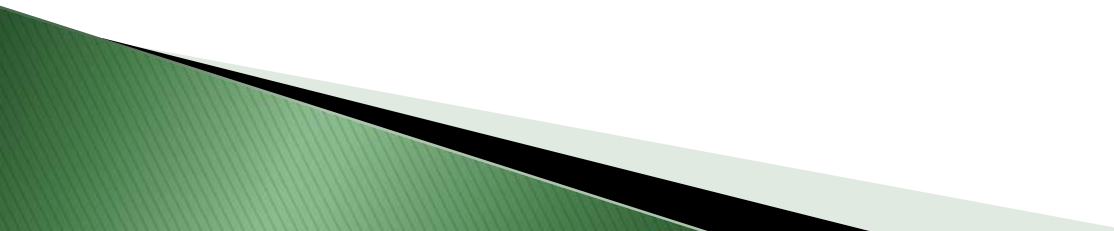
Engineering Department

July 20, 2017

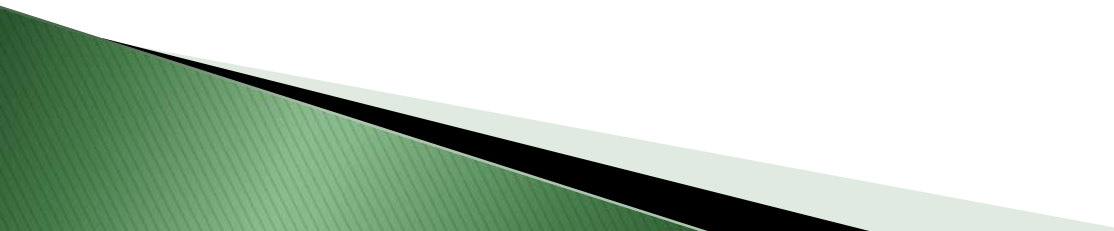
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Agenda

- Public Procurement Overview
 - Procurement in North Carolina
 - Basic Purchasing at UNC Charlotte
 - Solicitations
 - Contracts
 - Consultants
 - Conclusions & Questions
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Public Procurement

- The Federal government and all states have rules that govern the use of public funding
 - Thresholds are set that dictate when a public entity must invite competition among suppliers
 - Secure the best value for the use of tax payer money
 - Purchasing Office centralizes the process to ensure fairness to all potential suppliers and contractors
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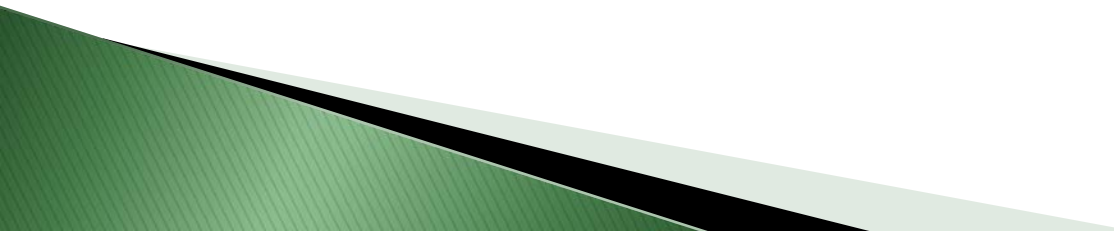
Public Procurement in North Carolina

Purchasing rules are classified under General Statutes §143-48 through §143-59

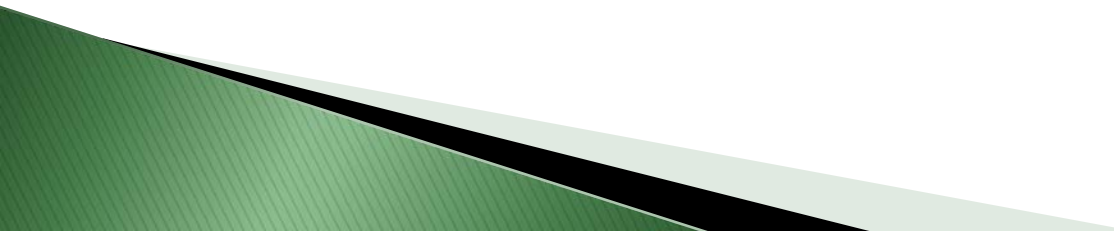
- UNC Charlotte must follow the Administrative Code for Purchasing
- Purchasing rules applied regardless of fund source
- Competition is required once the bidding threshold is reached
- UNC Charlotte Purchasing Manual addresses University purchasing procedures

Purchasing Department

What do we do???

- Extension of the State's Purchase & Contract division with delegated purchasing authority
 - University delegation is \$500,000
 - Ensure compliance with North Carolina laws and rules governing purchases---State of North Carolina sets the guidelines that UNC Charlotte must follow
 - Work with state P&C for all items that require Raleigh's review
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How Does this Affect YOU??

- Communication with the Purchasing Office so processes and procedures can be explained
 - Requests for documentation and justification
 - Provide specifications or scope of work outline
 - Requisitions may be returned so that additional information can be added
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Procurement Processes at UNCC

- 49er Mart is always the first consideration for placing orders
 - Commodity purchases
 - Services—General Services Form
 - Standard for PA's is two business days turnaround time
 - Comments feature available in the system for audit trail purposes
 - All active vendors can still be used
 - Catalogs available for many suppliers
 - Pre-payments are allowed
 - Payment of freight and shipping charges

Procurement Processes at UNCC

➤ Purchasing Card

- Transaction limit of \$2,500
- Should be reserved for emergencies or when absolutely required
 - Vendor will not accept a PO
 - Advertisements, Subscriptions, Registrations
 - Online ordering required
- Purchasing Office will have to approve all exceptions

➤ Direct Pay Request (DPR)

- Purchasing Manager will approve these requests
- Reimbursements
- Payments to Individuals
- Honoraria
- Utility Payments

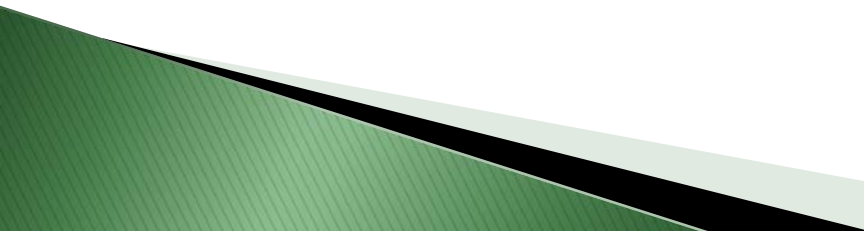
Bid & Proposal Process

- Requests that exceed the State's established thresholds require competition
- Those between \$5,000.01 and \$25,000-informal bid
- Requests over \$25,000-formal bid process
 - Posted to the State's Interactive Purchasing System website
- State does require us to complete documentation for every purchase over \$5,000
- Competition waiver may be approved on a case by case basis
- Competition requirements already satisfied if an existing competitive contract is in place
- Requests may NOT be split into multiple smaller requests to avoid the bidding requirements

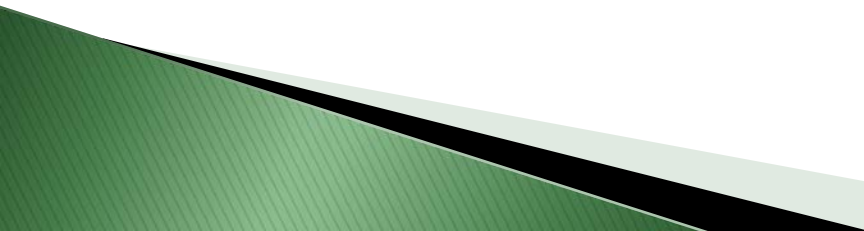
Bids vs. Proposals

- Bid invitations are generally issued for specific commodities or projects with a clearly defined set of specifications
 - Awarded to the lowest bid received
 - Single step process to find best pricing
- Proposal requests are issued for services or when the desired result is known, but not the means of achieving that end
 - Awarded to the overall, best value proposal
 - May be single or multi-step

Bid Evaluation

- Bid amounts are recorded and responses are sent to the end using department
 - Submissions are evaluated to ensure adherence to all specifications
 - Responsive bids meet all specification requirements as well as agency T&C requirements
 - Responsible bidders are those vendors who demonstrate they can deliver the items or provide the services
 - Award will be made to the lowest responsive and responsible bidder
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RFP Evaluation

- Contractors must be told in the RFP how they will be evaluated and all responses must be reviewed accordingly
 - Only the information submitted in the proposal can be considered
 - Responses should be reviewed by an evaluation committee comprised of the project stakeholders
 - Reference checks must be consistent and the same questions must be posed to all who are contacted
 - An evaluation matrix will be created by, or in collaboration with, the Purchasing Office
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RFP Award Decision

- Contract award should self select through the evaluation matrix and go to the highest scored response
- Recommendation letter must accompany the matrix and summarize the key points
 - Specific examples why the recommended contractor was selected
 - Examples of the short falls of the other responses and how they were not the best fit
 - A well-written recommendation supports the selection decision and explains the evaluation rationale
- The goal of the RFP process is to select the overall, best value to the customer

Contracts

- Contracts required PRIOR to engaging with a company or an individual for services
 - State's competition rules still apply
- Establishing the document protects both parties by defining the scope, terms, and liabilities
 - Must be signed by both the University and Contractor
- Legal Affairs trains Purchasing Office on contract terminology and we will review for compliance with North Carolina laws
 - Contract Checklist
- Purchasing Office will negotiate with Contractors to bring all terms into compliance
 - Department has some leeway to accept conflicting terms by agreeing to assume ALL risk involved
- Terms are required by North Carolina law

Contracts

- Purchasing Office will verify Contractor's insurance coverage prior to finalizing the contract
- Authorized University signature required
 - Legal Affairs publishes the Contract Signature Authority list
 - Purchasing Office will secure signatures and return executed copies
- Binding on the parties once fully executed and terms must be followed
- Extensions can be executed at the end of the initial term IF they were listed as an option in the contract
- Terminations generally can be executed with 30 days notice and/or for a non-cured material breach

Contracts

- Templates available from the Purchasing Office
 - Contract Document
 - Personal Services Agreement
- Independent Contractor Checklist required for individuals (Tax Office)-this is not the contract
- Many existing contracts for goods and services are in the 'Contracts' section of 49er Mart
 - Shredding Service; Moving Services; Promotional Items
- A Grant proposal is not a contract with a company or an individual
- Consultants require pre-approval in addition to the contract

Consultants

- Additional justification required before a contract can be established-State requirement
- End user must justify the following in a formal memo
 - Need to be met
 - Why no current University employee can meet that need
 - The expected value
 - Cost associated and the source of funds
 - Preferred source of consulting if already established
 - Purchasing Manual section #5
- Justification must be reviewed and approved by the VCBA prior to creating the contract
- The resulting contract is the same as any other, but will be supported by the approved justification

Additional Purchasing Services

- ▶ Return of items
 - Change Request form in 49er Mart
 - RGN form must also be attached
 - UPS Campus Ship is also an option for the department
 - Returns are NOT cancelled items
- ▶ Encumbrance closing
 - Email your Purchasing Agent or purchasing@uncc.edu
 - Be sure all products & invoices have been received and processed first
- ▶ Vendor activation in 49er Mart
 - Verify Net 30 credit terms
 - Obtain a signed Vendor Information Form (W-9)
 - Email address or fax number for PO distribution is required

Top Purchasing No-No's

- ▶ Splitting requests to avoid the bid process
- ▶ “Shopping” informal bids to achieve even better prices
- ▶ Receiving items on the 49er Mart system prior to actual receipt of the goods or services
 - **Not applicable to approved pre-payments
- ▶ Engaging individuals or companies in a project without a contract

QUESTIONS

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