



**Augustana College**  
Rock Island, Illinois

# Purchasing Policy

- Purchase Order (P.O.)
  - Goods \$1,000 +
  - Services \$5,000 +
- Bids - Goods/Services \$5,000 +
- Operating under formal policies and procedures approved by Board in 2008 and updated in 2010.



# Agenda



- Business Reasons
- Authority to Purchase
- Purchasing mechanics
  - Purchasing Cards
  - Requisitions
  - Purchase Orders
  - Bidding
- Contracts overview
- Where to find help





# #1 goal is lowering cost without sacrificing quality.

- Every \$1 saved in Purchasing helps the College be more competitive
- It all adds up! - \$20 Million Goods & Services -1% savings = \$200,000



# Purchasing Benefits

- College Procurement Resource

- User friendly buying processes – P-Cards, Primary vendors, Purchase Orders
- Manage Risk - Contract Review and approval
- Interject Competition - Bidding – ensure fairness, custom evaluation tools, specifications tailored to needs
- Best Value - broad overview of Campus needs and resources



# Business Considerations

- Accounting and accountability
- Options for payment
- Tax exempt status



# Authority to Purchase

- – Up to \$5,000 Budget Officers and designees
- >\$5000 - \$50,000 – Purchasing
- =>\$50,000 – Cabinet Member
- Contract > \$25,000 – General Counsel
- If an unbudgeted expense
  - \$1,000 - \$5,000 – Purchasing reviews , >\$5,000 – V.P. of Finance



# Purchasing

- There are 2 Primary ways to purchase
  - Purchasing Cards
  - Requisition system

Also but discouraged:

- Check Requests
- Service Contract/agreement

\* Receipts required for all transactions\*





# Purchasing Cards

- Purchasing Cards (Corporate VISA Card, also called P-Card)
  - Goods, membership renewals, etc. - \$1,000 or less,
  - Travel related up to \$2,500.
- Convenient but...



# Requisitions

- Requisitions – internal request
  - Goods >\$1,000
  - Services >\$5,000
    - Services <\$5,000 – signed purchase agreement or quotation
- Requisition # not same as PO #



# Purchase Orders

- Purchase Order is a form of contract \* and is the College approval to pay the vendor
  - Purchasing will generate PO from requisition and issue to vendor
  - The College does not issue “for confirmation only” notices
  - Invoice date must be later than PO date
  - New vendor will require extra time to register



# Bidding

- At least 3 bids are required for all purchases greater than \$5,000
  - <\$5000 – no bids required but contract use encouraged
  - \$5000<\$25000 – 3 quotes – Purchasing must review and sign contracts prior to activation
  - \$25000 or > – 3 Formal written bids – Purchasing and General Counsel review and sign if contract is involved.
  - \$50,000 or > – must be signed by College Officer



# Bidding Steps

What  
Need?

Spend  
analysis

Budget

Draft  
specs

Who  
From?

Identify at  
least 3

RFI/RFP

Existing  
contract?

Review  
Bids

Bid base

Multiple  
reviewers

Include  
Purchase

Order

Negotiate

P.O. or

Contract

Notify

Include  
All



# Sole Source?

Item sold only through manufacturer and no comparable

Used, demo equipment priced below competitive new

Must match existing equipment and only available from same source as original

Services are unique to this supplier (only one who does this)





# Where to find help

- Let Purchasing help – 1<sup>st</sup> step
- [www.augustana.edu/Purchasing](http://www.augustana.edu/Purchasing)
- **Contact:**
  - [Tom Schaubroeck](#) 7616
  - [Melinda Reamy](#) 7617



# Legal Review

Required when...

- Contract is over \$25,000 **or**
- 1 year



# Contracts 101

- What *is* a contract?
- Elements of a “good” Contract:
  - Written
  - Clear, Accurate
    - Description of goods/services
    - Start and end date
    - Pricing
  - Follows Purchasing Policy



# Contracts 101



- Indemnification Language
- Early-out options
- Auto-renewing or “evergreen” clauses
- Price Increases
- Changes in writing only
- *Conflict of Interest\**



# Contracts 101

## Contract language to include:

- Certificate of insurance at acceptable levels
- College named as additional insured
- Confidentiality and records
  - A copy must be kept on file in Business Office
  - Follow confidentiality requirements in contract



# Summary

- Authority
  - \$5000 – Budget Officer or Designee
  - >\$5000 – Purchasing
  - \$50,000 – Cabinet
  - Contracts >\$25,000 – General Counsel
- P-Card - < \$1,000
- Requisitions >\$1,000
- Bids >\$5,000
- Written Bids >\$25,000
- Contracts
  - >\$5000 purchasing and/or General Counsel
  - No Evergreen
  - No One-sided Indemnification clause
  - 1 year preferable

