

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</p>
 - \$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?

Who From?

Review Bids

Order

Notify

Spend analysis

Budget

Draft specs

Identify at least 3

RFI/RFP

Existing contract?

Bid base

Multiple reviewers

Include Purchase Negotiate

P.O. or

Contract

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 1st step
- 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:

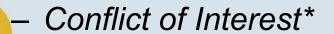
- Written
- Clear, Accurate
 - Description of goods/services
 - · Start and end date
 - Pricing
- Follows Purchasing Policy





Contracts 101

- Indemnification Language
- Early-out options
- Auto-renewing or "evergreen" clauses
- Price Increases
- Changes in writing only





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

