

**Tips:**

- Check to see if products and services are available through a University Contract or Internal Service Unit before choosing another buying method. See the Procurement Services web site under **How to Buy** for links to the University Contracts and Internal Service Units.
- Consult Procurement Services for assistance early in the buying process.
- Review your current buying practices to be sure you are following University policies and procedures.
- All purchases requiring a signed contract or agreement must be handled by Procurement Services.
- A vendor must have a current certification form on file with Vendor Maintenance in order to receive payment on invoices.

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*\*This guide provides an overview of some key procurement policies, procedures, and tips. Consult your buyer, the Procurement Services web site, and the Standard Practice Guide 507.01 for more information about buying on behalf of the University.*



# Procurement Services

## Buying Tips and Guidelines\*



### Some Basic Rules

Before you purchase goods or services on behalf of the University, you should be aware of—and follow—some key policies and procedures, summarized here:

#### Fiscal Accountability

You are responsible and accountable for all transactions you make or authorize others to make. Tips for purchasing responsibly:

- Plan your purchases
- Choose the appropriate buying method
- Use the knowledge and experience of Procurement Services
- Spend within your budget and spending limit
- Reconcile all transactions to the Statement of Activity
- Maintain separation of duties in your unit. For example, the person responsible for buying goods should not also reconcile the Statement of Activity.

#### Spending and Signature Authority

Department users are authorized to spend up to \$5,000 per transaction. The University Regents require that transactions \$5,000 and over be competitively bid. The bid process is handled by Procurement Services (see pg 2).

Department users—at any level—do not have authority to sign contracts and agreements. Procurement Services negotiates the terms and conditions with suppliers and obtains the legally authorized signatures.

Signing a contract or agreement means you are personally liable for any consequences that may occur.

#### Conflict of Interest

State of Michigan Conflict of Interest law says that no public servant can be a party, either directly or indirectly, to any contract between the person and the public entity where she or he is an officer or employee (with a few ex-

ceptions). If you find a potential conflict of interest, you must request that the Board of Regents review the case to approve or disapprove the transaction. Contact Procurement Services to request a review **prior** to the transaction taking place. The review can be a lengthy process, so plan well ahead.

#### Reconciling Transactions

All transactions—regardless of buying method—must be reconciled. You should:

- Verify receipt of goods or services. Contact the supplier promptly to resolve any issues.
- Contact the shipper if items are received damaged. Save all packing materials for the shipping company to inspect.
- Reconcile transactions to the Statement of Activity to ensure proper reporting of payments to suppliers. Resolve any payment errors in a timely fashion.

### Audits: Internal and Federal

#### Internal Audit Process

University units are subject to periodic audits by the Office of University Audits. The audit process examines and evaluates the adequacy and effectiveness of internal controls, which include among other things, safeguarding of assets and compliance with policies, proce-

dures, laws, and regulations. Units should therefore review their buying practices periodically to be sure they are in compliance with all policies and procedures. For more on the Office of University Audits, see:

[www.umich.edu/~uaudits/](http://www.umich.edu/~uaudits/)

#### Federal Audit Process

The Office of Naval Research conducts periodic audits of University purchases to ensure compliance with University policies and procedures. These policies and procedures are in place to comply with Federal and State acquisition requirements.

## Contact Information

### PROCUREMENT SERVICES

734-764-8212

[procurement.services@umich.edu](mailto:procurement.services@umich.edu)

<http://www.procurement.umich.edu>

## Socially Responsible Purchasing

The University of Michigan is committed to supplier development because it contributes to the expansion of markets and strengthens the supply base. Each year the University procures just over \$1 billion in goods and services. The University continues to promote spending with a diverse supplier pool and to promote suppliers who employ environmentally sustainable methodologies in their business operations.



The MConnect Program is a resource that assists the University Community in locating and establishing relationships with suppliers who support diversity, socially responsible purchasing, and sustainability ("green" purchasing). Visit the Procurement Services web site for more information on the MConnect Program.

## Choose the Best Buying Method

Before you buy, consider which of the 5 buying methods is most appropriate to use. The buying methods are listed below in the order in which you should consider using them:

- **Internal Service Units**
- **University Contracts**
- **ePro Requisition**
- **PCard**
- **Non-PO Voucher**

Visit the Procurement Services web site for complete information on each buying method.

Ordering through **Internal Service Units** and **University Contracts** can be cost-effective and save you valu-

able time. Orders are placed online, or by phone or fax. Payment is through Service Unit Billing, which reduces significantly the cost to the University for printing and mailing checks to suppliers.



**University Contracts** have negotiated University pricing and offer benefits of lower procurement costs, higher supplier performance levels, and increased value-added services.

Shop over 30 of the 70+ University Contract supplier catalogs on M-marketsite.



The **ePro Requisition** is used for all transactions that

require a Purchase Order (PO) be sent to the vendor (any dollar amount). It is also used for transactions \$5,000 and over, and those requiring special approvals.

The **PCard** may be used to purchase items not available through Internal Service Units or University Contracts. It is often used to pay for hosting functions, travel, dues, and subscriptions.

The **Non-PO Voucher** is not a "buying" method, but a *payment* method. It is used primarily for reimbursements, or when a supplier will not accept a PO or PCard. Non-PO Voucher payments are subject to the same policies as for PCard and ePro Requisition.

## Partner with Procurement Services

Procurement Services professional buying staff assist in fulfilling your purchasing needs. Their experience can translate into dollar and time savings for your unit.

### Negotiation Skills

Professional buyers foster competition among suppliers through the competitive bid process (see below). They are skilled negotiators who know the supply market. Buyers negotiate price, con-

ditions of sale, warranties, etc., to secure the best deal to meet your purchasing requirements.

They also analyze department spending trends to seek opportunities to leverage procurement through the establishment of Strategic Supplier and University Contracts. These contracts benefit all University and Hospital units.

### Non-Strategic Contracts

Procurement Services establishes departmental contracts with suppliers for products and services not already under a University Contract. This type of contract is useful for long-term, repetitive purchases. If a supplier fails to meet the terms of the contract, the buyer works with the supplier and sometimes also University Counsel to bring about a resolution.

## The Competitive Bid Process: How it Works and How You Can Help

The Regents require that transactions \$5,000 and over be competitively bid to assure fair and reasonable pricing in an open and competitive environment. Procurement Services is delegated the authority to complete the competitive bid process.

The bid process is also called Request for Proposal (RFP) or Request for Quotation (RFQ). Your buyer will work with you in preparing the RFP/RFQ.

The buyer will:

- Survey the marketplace to identify potential suppliers (you may also provide your buyer a list of suppliers)
- Include in the RFP/RFQ any relevant terms and conditions the supplier must meet (for example, providing proof of adequate insurance liability coverage)
- Obtain at least three bids whenever possible

- Receive proposals from suppliers by a specified deadline to ensure the bid process is completed in a timely manner
- Analyze the proposals and present the department with a summary of the results
- Work with the department to determine which proposal represents the best value to the University

Your role in the process:

- Contact your buyer well in advance of your need for the product/services so that they can start the bid process
- Provide the buyer with detailed specifications that are essential to satisfying your requirements
- Do not negotiate in advance with suppliers