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Course 1140

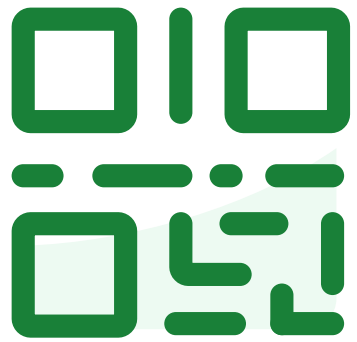
Introduction to Purchasing -
Policies and More

Course Objectives

- Develop an awareness and understanding of Procurement Services role on campus
- Develop knowledge of the acquisition process



- Discuss related current issues in Higher Education
- Do you want to work in Procurement?



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**Have you ever worked in a
procurement role before?**

Procurement





What aspect of procurement are you most interested in learning about today?

Questions:

Who has:

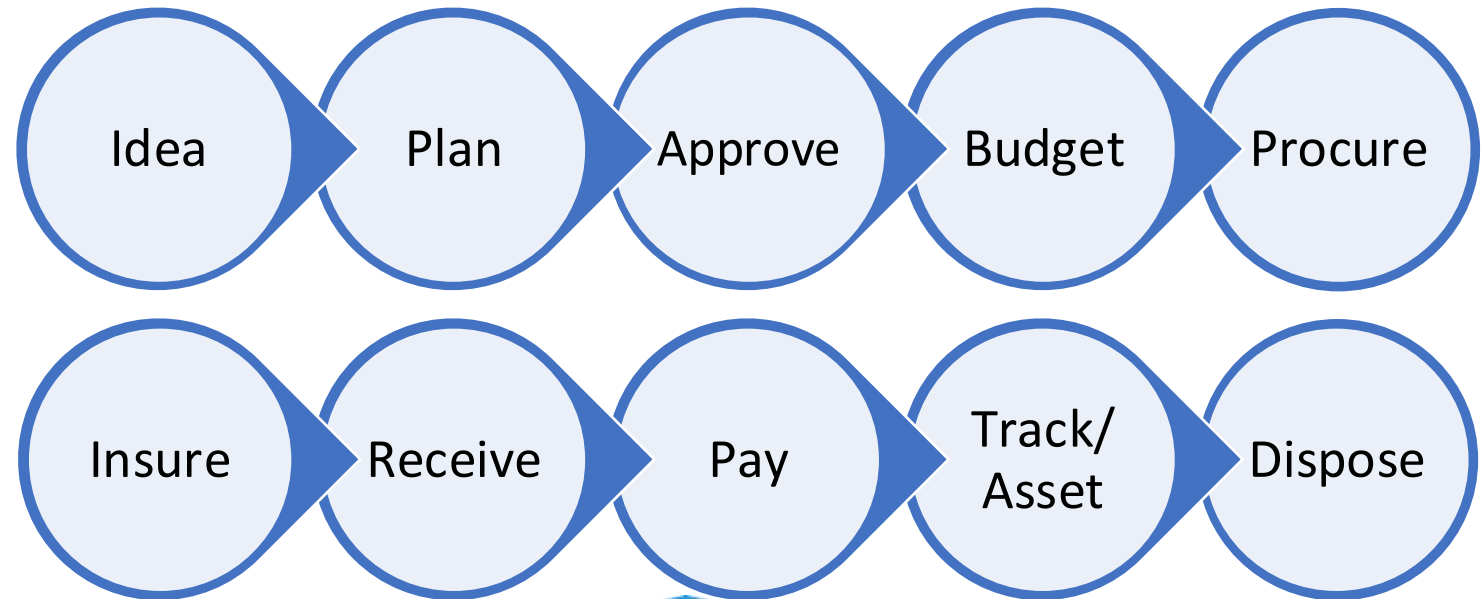
- Rented an apartment
- Rented a car
- Bought insurance
- Bought a car
- Bought a house
- Built a house

Who works in:

- Finance/Accounting/Audit
- Academic Affairs
- Student Affairs
- Auxiliary/Business Services
- Information Technology
- Athletics
- Sponsored Programs
- Philanthropy/Foundation/Advancement
- Hospital
- General Counsel
- ...Other

What's Procurement?

- Sourcing
- Contracts
- Contract Management
- Procurement Life Cycle:



Question – Is your institution:

- Public Higher Education
- Private Higher Education
- Government
- Other



Question – have you worked for a:

- Private business
- Publicly traded corporation
- Family owned business
- Venture capital owned business

STEWARDSHIP (Careful and responsible management of something entrusted in one's care)

- Whose funds are being spent?
(color of money)
- What does a granting agency expect campus to do with their funds?
 - Uniform Guidance 2 CFR 200
 - FAR – Federal Acquisition Regulations
 - ONR – CPSR – Contractor Purchasing System Review
- Competition brings best value
- Contracts have clearly defined deliverables

Governance

- Statutes (Federal, State)
- Rules and Regulations (ordinance)
- Policy
- Directives
- Procedures



The ABA Model Procurement Code has **helps to create transparent, competitive, and reliable processes by which billions of dollars in public funds are expended through contracts with private sector businesses.**

Procurement has to support campus while ensuring compliance with relevant laws, rules, regulations etc.

...Best purchasing practice with or vs. regulation

Procurement Unit Responsibilities (?)

- Purchasing (Sourcing / Supply Chain)
(goods, services, construction)
- PCards
- Contracts (revenue generating)
- Travel
- Accounts Payable
- Receiving/Mail Room
- Stores
- Surplus
- Sustainability
- Supplier Diversity
- Fixed Assets
- Risk Management
(insurance)

Centralized,
Decentralized
Shared Service
Centers
Centers of
Excellence,
...Hybrid

*... all in support of **your** mission*

Question: Where does Procurement report?

- Controller
- Chief Financial Officer
- Chancellor for Administration
- Business Services
- Other



Authority – (who chooses and who signs the contract?)

- Laws of Agency

- The relationship that exists when one-person (agent) acts for another (principal) with the latter's authority.

- Delegation of Authority

- Official written document
 - Authority - The formal right to require actions of others or to act oneself.
 - Responsibility - Accountability for the performance of duties.

- Types of Authority

- Expressed - Authority expressly granted by a principal.
 - Implied - Authority not expressed, but normally required to conduct the agent's duties
 - Apparent - a reasonable third party would understand that an agent had authority to act



Authority (continued)

- Agent Responsibilities
 - Duty of Obedience - follow the legal instructions of the principal.
 - Duty of Loyalty - No personal interest in a contract, obtain no benefit from business transacted by the principal, cannot exceed authority*
- Fiduciary Responsibility
 - A fiduciary obligation exists when one-person places special trust and confidence in another person to exercise discretion in acting on their behalf.
The fiduciary has a duty to act in the best interests of the principal.

*Ethics – more to come

Roles & Responsibilities

Separation of Functions

- End User (faculty/staff)
- Department Management
- Procurement
- Finance
- Executive Leadership

Questions:

- Who buys stuff for your office?
- Do you know how they do it?
- Who makes the decision about what is bought?



Procurement Process – Planning Services and goods



- Define scope of work
 - Rates, Dates, Deliverable
- Identify evaluation criteria (cost vs. value)
- Identify Supplier(s) – Source
- Review proposals (quotes, bids – evaluation criteria)
- Sign Contract (execute)
- Manage Contract

Pick what's being bought

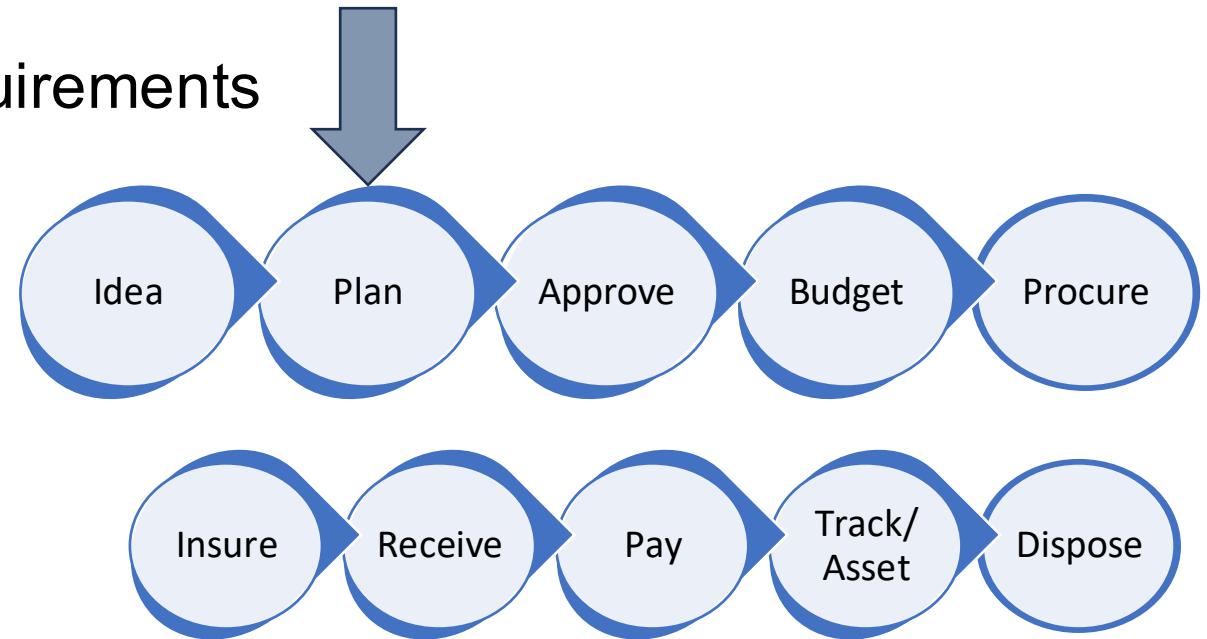
- Good – small, inexpensive
 - Laboratory supplies
 - Office Supplies
 - Books
 - Computer peripherals
- Good - large, very expensive
 - Chiller
 - Spectrograph
 - High speed multifunctional device
 - Dilution refrigerator
- Services - expensive
 - Waste Removal
 - Business Process Improvement
 - Executive Search
 - Branding /PR Firms
 - System implementation
- Other/Question
 - What have you bought on campus?



What have you bought on campus?

Procurement Process – (Idea) Plan

- Clear Understanding of Need
 - Technical and descriptive requirements
 - Make/Model or Statement of work
 - Specifications/Deliverable
 - Evaluation criteria
- Sources
 - Suppliers
 - Information



Procurement Process –

Planning – Goods (stuff)

- Contact supplier
 - Higher Education price
 - Make and Model (brand name)
 - Quantity
 - Due Date
 - Freight Costs
 - Title transfer
 - Insurance
 - Quote expiration (written quote)
 - Warranty
- Service Agreement
 - Consumables
 - Payment terms



Planning Exercise

- Quantity – 100
- 20 Each of XS, S, M, L and XL
- Delivery no later than August 1, 2026
- Deliver to: UCA Bookstore



T-shirt Specifications

- Crew neck
- Short sleeved
- 100% cotton
- Color
- Graphics
- More???



Procurement Process – Planning Services and goods



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Specifications - Best Value

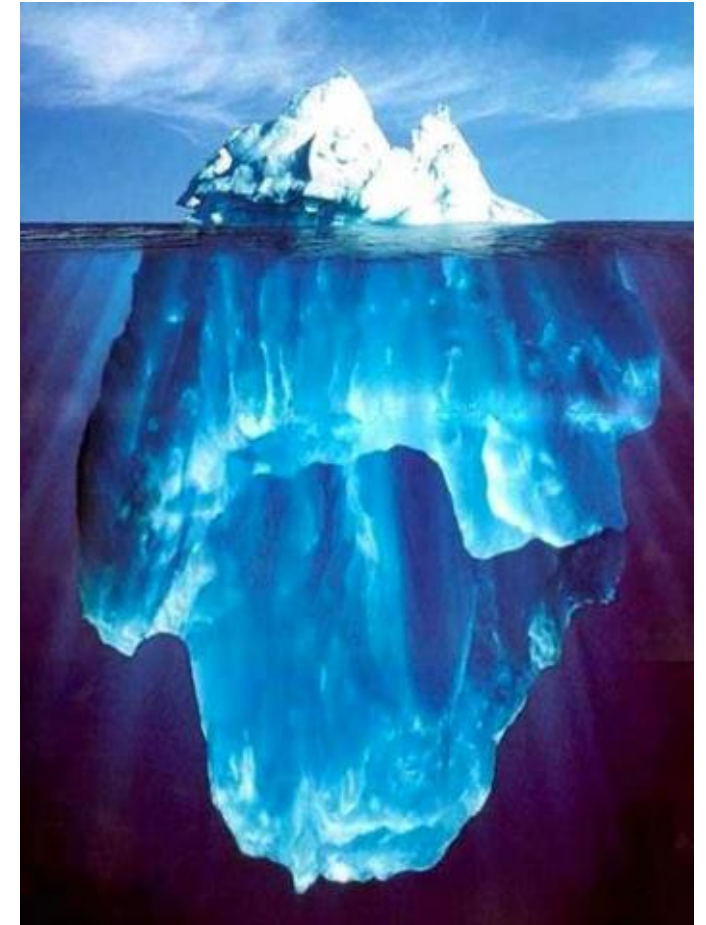
Value Costs

- Transaction / Administrative Costs – A/R
- Delivery / Freight / Handling / Set-Up
- Implementation Cost/Training
- Ongoing Support / Service
- Communication / Marketing
- Risk / Insurance / Liability
- Cost of Non-Compliance
- Maintenance / Warranty / Parts
- Consumables/Useful Life
- Sustainability
 - Energy / Water Usage
 - Recycling / Disposal
 - Chemicals
 - Packaging
- Inventory / Shelf-Life
- Return / Trade-Ins

Purchase Price →

←

Other value – scholarships,
internships, collaboration...



Procurement Process – Planning continued

Sourcing is *kind of* like hiring an employee

Supplier	Employee
Solicitation	Job Posting
Statement of Work / Deliverable	Job Description
Contract	Offer Letter
Manage Contract (Business Review)	Employee Evaluation
Problem resolution	Problem resolution
Compensation	Paycheck
Re-hire/additional work	Promotion/Continued employment

Procurement Process – Planning continued

- Developing a Statement of Work:
 - Information: Internal sources, existing contracts, external sources
 - Data (historical, benchmarking)
 - Communication and Collaboration
 - Identify decision makers
 - Category Advisory Committees
- Develop Evaluation Criteria

Select Process: solicit, adopt, sole source, PCard, emergency, (other)

Procurement Process – Specifications Evaluation Criteria

Corporate Social Responsibility (?)

ESG: Environment, Social, Governmental: framework for measuring the sustainability and ethical impact of a company's operations

- Sustainability
 - Environmental impact
- Fair labor practices



Corporate Social Responsibility

- Supplier diversity
 - Identify
 - Educate, Train, Vet
 - Measurement and Accountability
 - Equitable Economic Development



What is a diverse business?

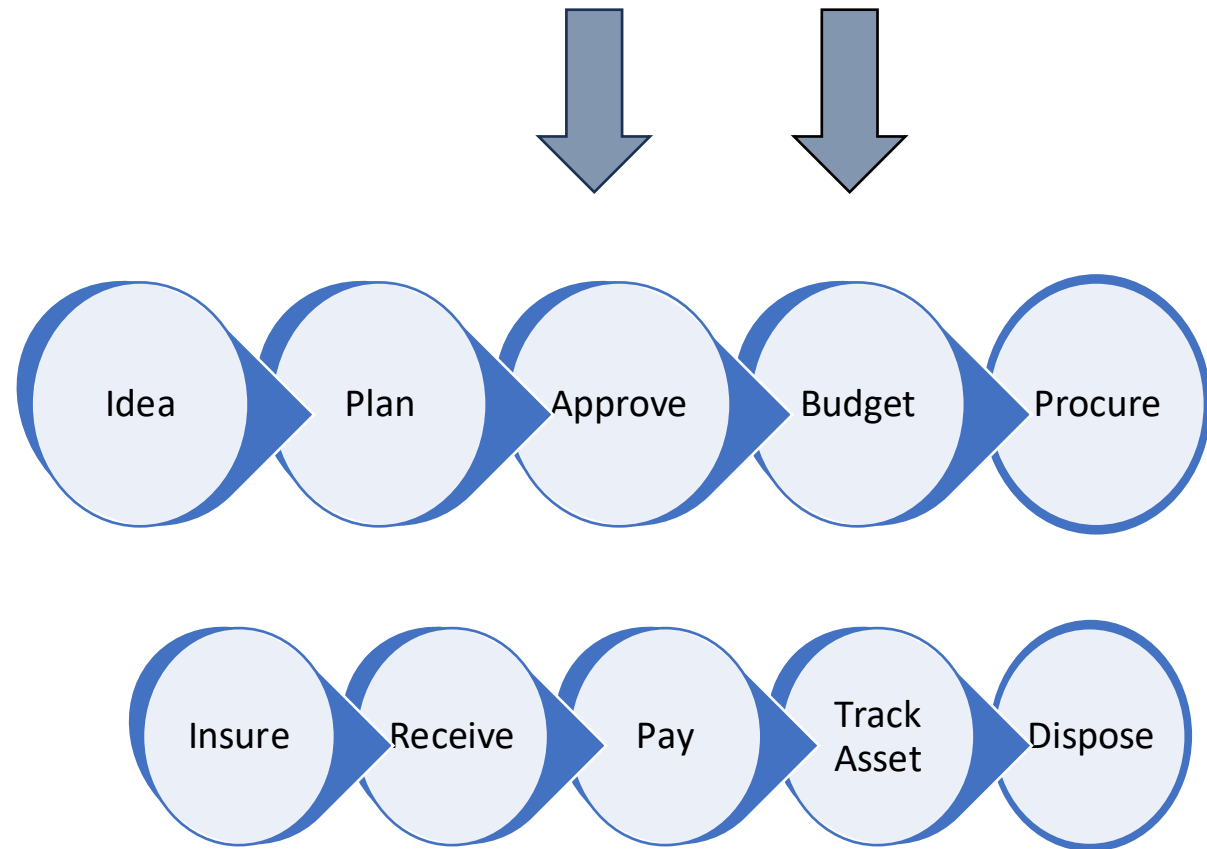
- Small
- Women
- Veteran
- Service-disabled Veteran
- Minority (MBE)
- Small Disadvantaged (SDBE)
- Disabled (DOBE)

What is supplier diversity?

Proactive business program *encouraging* and *using* small & diverse suppliers

Procurement Process

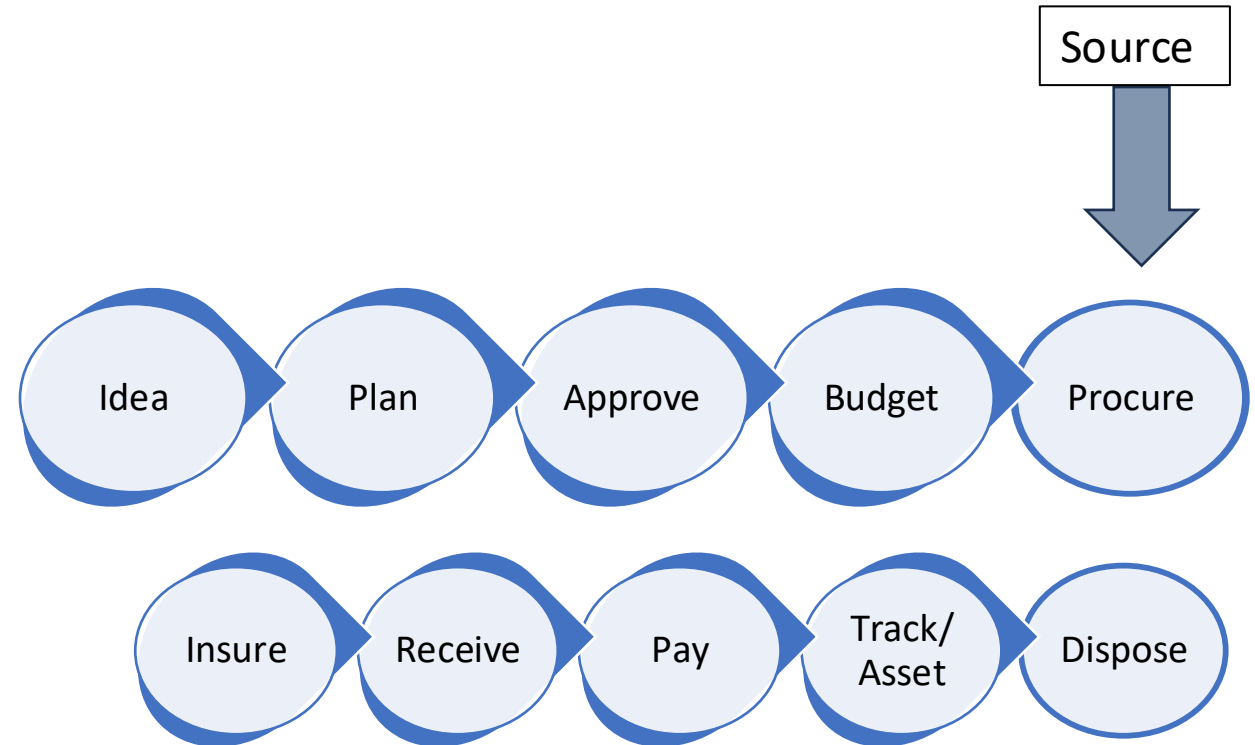
- Governance
- Budget



Question – Solicitation:

What is the formal bid limit on your campus?

- Formal vs Informal
 - Bid Limits/Statutory Considerations
- Typical Processes
 - Request for Information
 - Request for Quotation “RFq”
 - Invitation to/for Bid “ITB” or “IFB”
 - Requests for Proposals “RFP”
 - Request for Qualifications “RFQ”
 - Invitation to Negotiate





What are the bid thresholds on your campus?

Procurement Process – planning

Procurement Methods:

- Direct Pay (unencumbered)
- Purchase Order
- PCard
- Solicit
 - RFq, RFI, RFQ, ITB, RFP
- Adopt
- Sole Source
- Emergency



Procurement Process - Planning

- Procurement identifies method
 - Solicitation – formal vs. informal
 - ITB, RFP
 - Contract Adoption
 - Sole Source item/service is unique
 - Supplier sole provider from whom the item/service can be obtained
 - Reasonable price justification
(historical pricing, cost analysis, benchmarked price)
 - Thorough explanation in layman's terms
What is unique and why that is important to the work being done

Ethics – Evaluation Committee, Staff

- Ethics - A set of moral principles or values that define or direct us to the right choice
- Types of unethical behavior
 - Gifts
 - Reciprocity
 - Misuse of confidential information
 - Improper conduct during the purchasing process



Question: Have you seen unethical purchasing?



**Have you seen unethical
purchasing at any job you've
held?**

Ethics (continued)

- Rationalization
 - Everyone does it
 - If it is legal, it is ethical
 - Perception is reality
 - No one will ever know
- General Rule
 - Keep job and private life separate
 - Keep relationship with suppliers in balance
 - When in doubt, seek advice



Conflict of Interest – Evaluation Committee, Staff

Definition

A situation in which a person or employee has a private or personal interest sufficient to influence the objective exercise of his/her official duties.

Examples

Self-dealing, accepting benefits, influence peddling, post-employment

Appropriate Action

Always disclose, manage or mitigate the conflict, remove yourself

Elements

Private or personal interest, official duties, influences objectivity

Procurement Process (continued)



- Solicitation Process Considerations
 - Type, timeline: Required notice, posting, pre-bid , award notice, risks
- Cooperative Contracts
 - The combining or purchasing requirement of two or more entities to leverage the benefits of volume purchases and reduce administrative time and expenses
- Types of Cooperative Purchases
 - Piggybacking/Adoption
 - Group Purchasing Organizations “GPO”
 - Joint Solicitations
- Award
 - Purchase order, contract, PCard
 - Payment voucher for informal
- Documentation (public record)
 - Who, what, when...





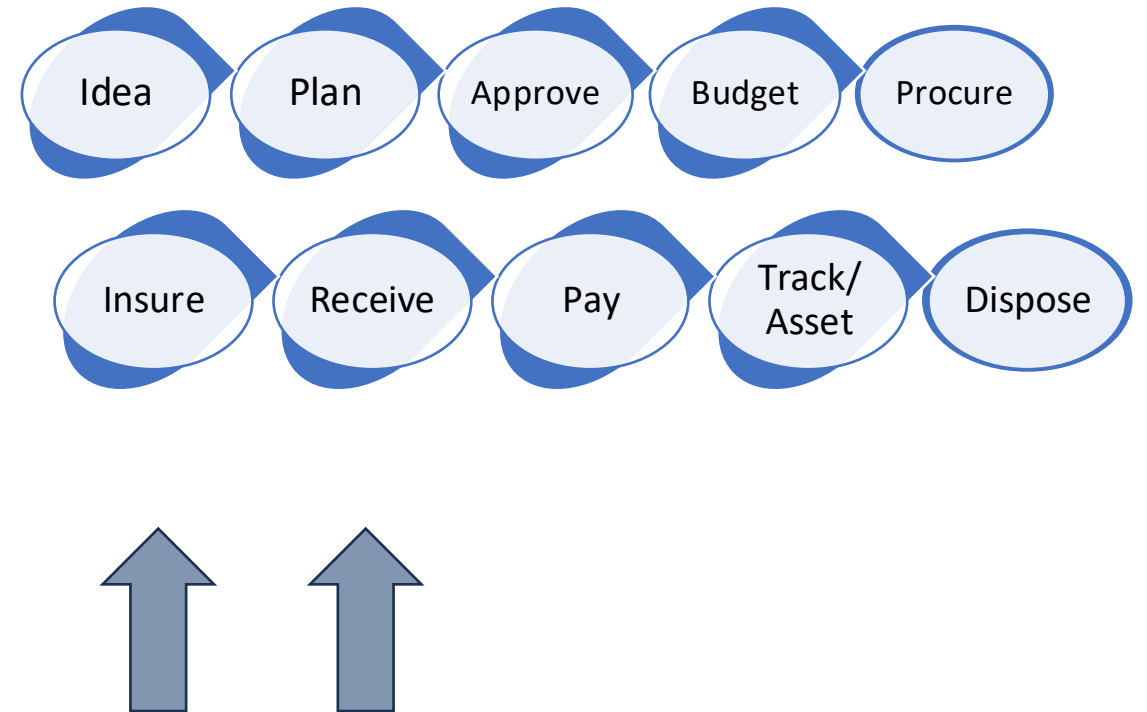
Open Records (Procurement)

- Transparency in Government
- Federal and State Statutes
- Strategy
- Honest Minimalist



Procurement Process

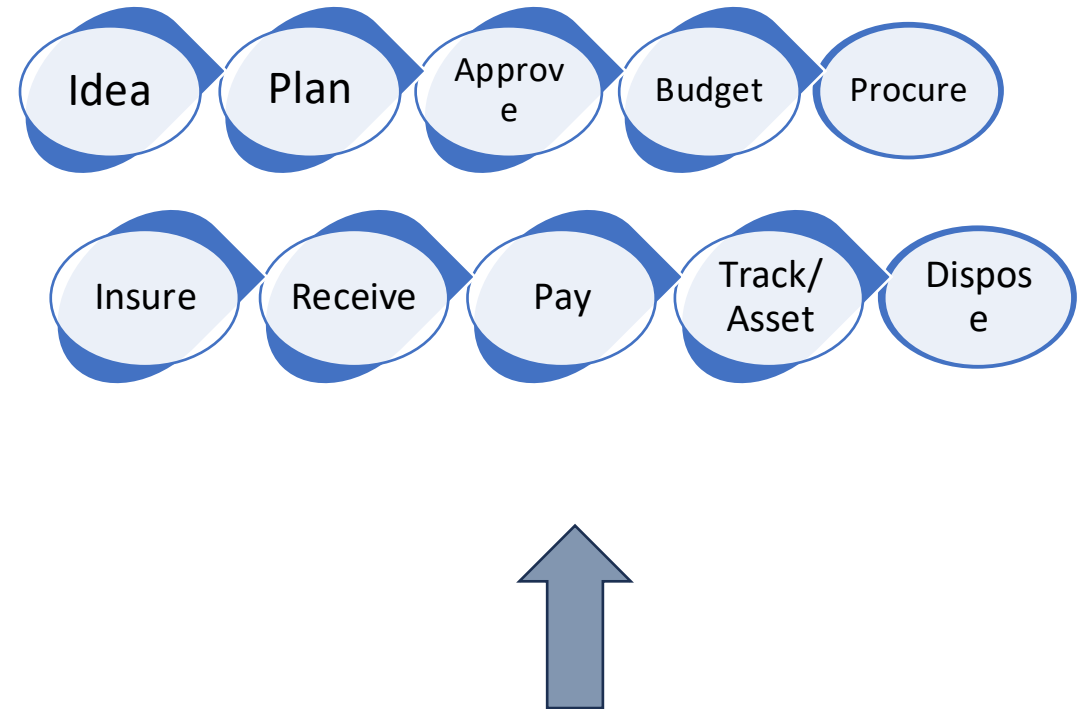
- Insurance
 - Shipments
 - Equipment
 - Self-Insurance
 - Bonding (P&P)
- Freight Forwarder/Customs Brokers
- Receiving
 - Central
 - Decentralized
 - Goods vs. Services



Questions: What Type of Structure Does Your Campus Utilize for the P2P Process?

Who authorizes payment of invoices?

- Purchasing and Payables Combined as One Unit?
- Purchasing and Payables Separate Units Directly Reporting to One Leader
- Purchasing and Payable Separate and Report Directly to Different Leaders?





What is the P2P structure on your campus?

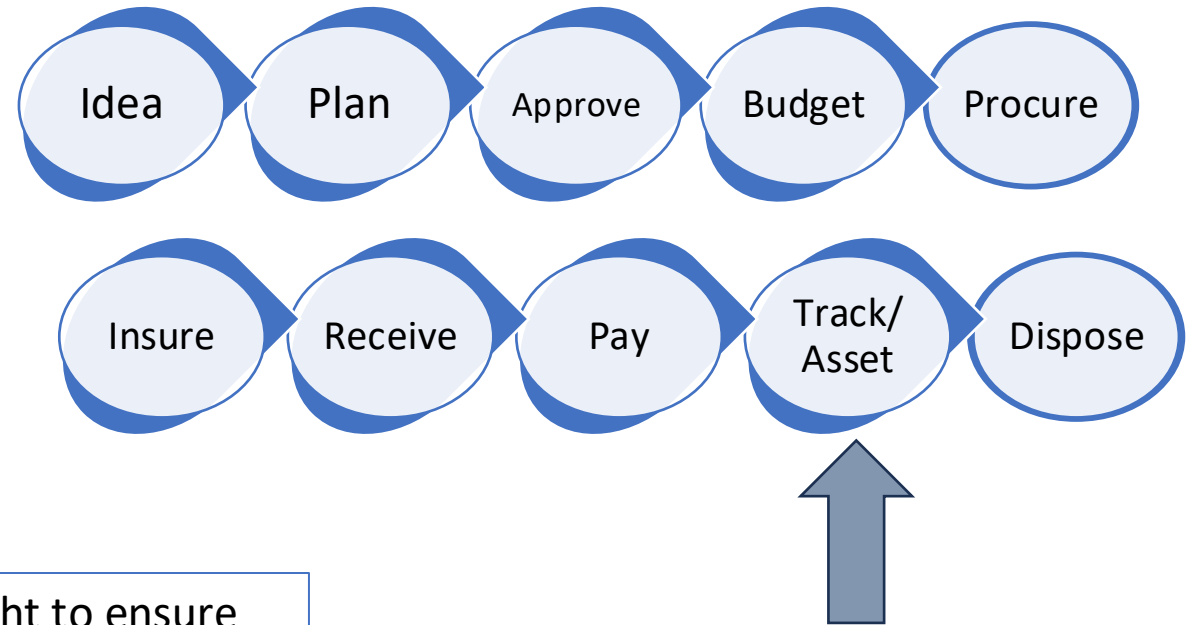
Accounts Payable

- Procure to Pay Process
 - Different Models
- Three-way match
- Collaboration & Synchronization



Contract Administration/ Project Management

- Roles and Responsibilities
- Periodic Reviews
- Documentation
- Notice of Violations
- Reports and Documentation

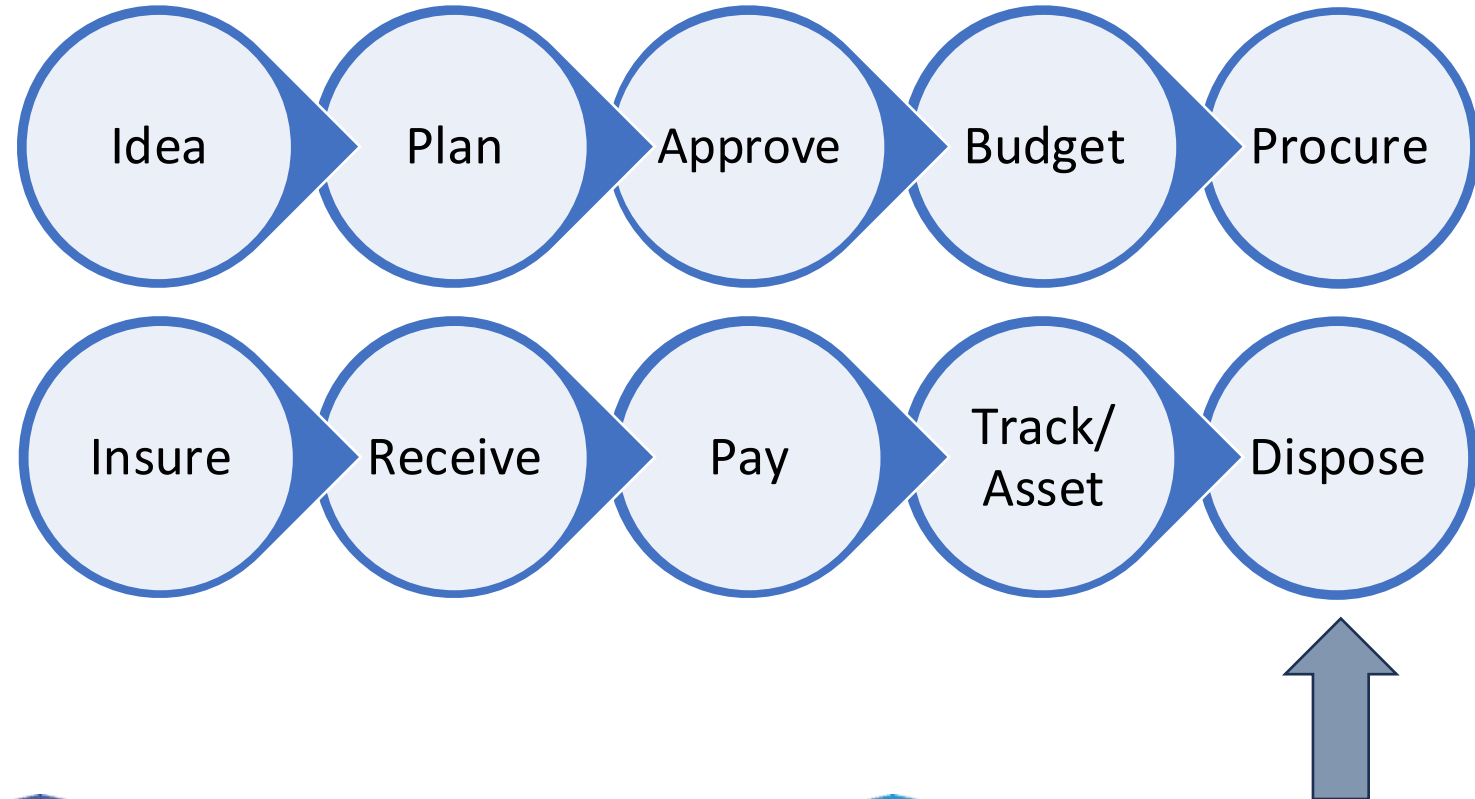


Uniform Guidance 200.317 “...must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.”

Question: who works with Federal Funds?

Procurement Process

- Surplus



Supply Center/Storage

- Scope and Strategy
- Models
- Governance



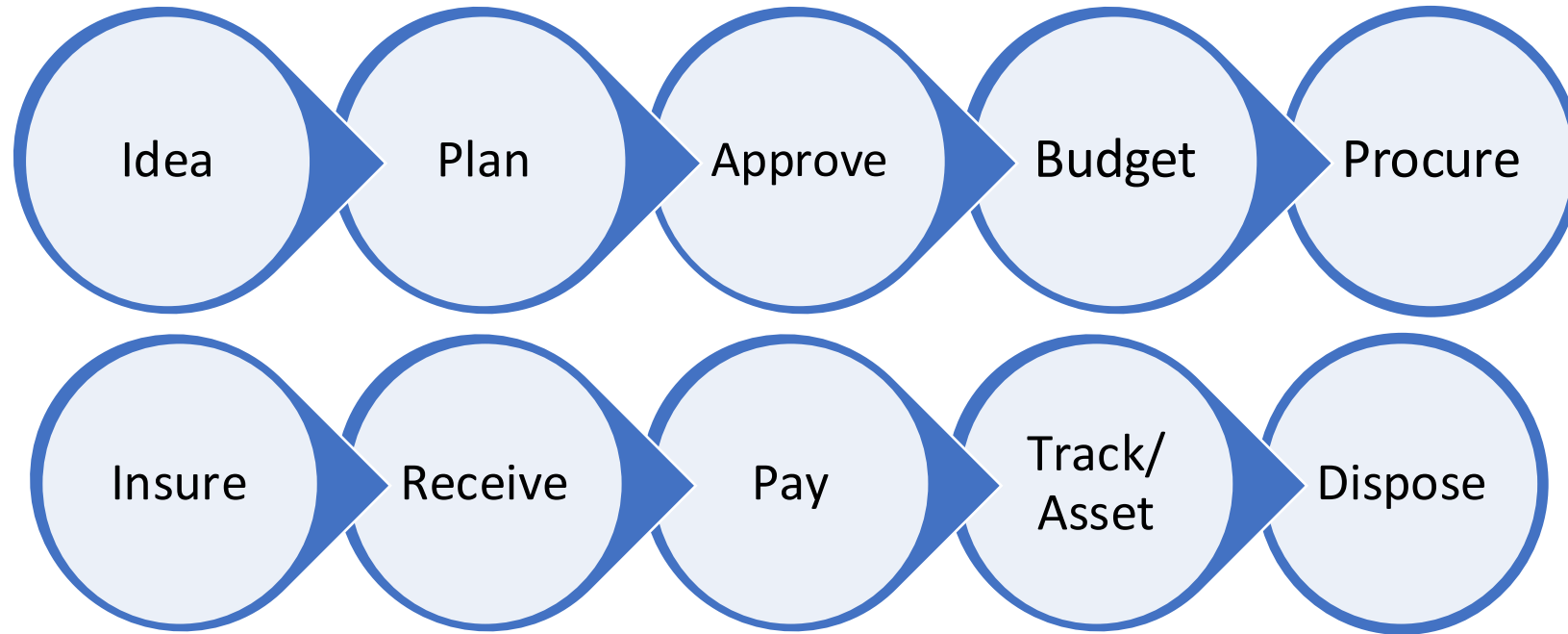
Surplus Property

- Reuse
- Revenue
- Donate
- Recycle
- Trash

**REDUCE
REUSE
RECYCLE**



Procurement Process Review



...contact your campus procurement/purchasing folks early for support

Beyond the Procurement Process

- Procurement Relationships
- Financial Systems - technology
- Contract Management
- Construction Management
- Public-Private Partnership
- Revenue Generation
- Emerging Issues

Procurement Relationships



- Procurement workflow
 - Information Technology
 - Sponsored Programs
 - Campus Security
- Internal Audit
- External Audit
- General Counsel
- Advancement
- Technology & Licensing
- Trademark & Licensing
- Athletics
- Hospital
- Direct Support Organizations
- *Associations*
- *Certifications*
 - ISM, NIGP, NPI-AEP, UPPCC

Technology

- Old School
- Partial Automation
- Full Automation
- Reporting Capabilities



Construction Contracting Process

- Similar Procurement Processes with differences:
 - Approvals
 - Bid Limits
 - Insurance and bonding requirements
 - Architects and Engineers “CCNA”
 - Building standards
 - Roles and responsibilities
 - Contract award process-scoring
 - Financing
- Construction Manager at Risk vs. General Contractor/ subcontractors
- Job Order Contracting (JOC)

P3: Public Private Partnerships

- A **Public-private partnership (PPP)** is often **defined** as a **long-term** contract between a **private** party and a government agency for providing a **public** asset or service, in which the **private** party bears significant risk and management responsibility

Transference or Sharing of Risk

Potential Elements:

Design

Build

Finance

Own

Manage

Operate and Maintain

“Concession” Payment / Availability

Payments

Revenue Contracts

- Pre-bates
- Rebates
- Sponsorships
- Non-Revenue Opportunities



Emerging Issues

- AI
- ChatGPT/Gemini/CoPilot/Lynx, etc.
- Mergers & Acquisitions
- Political landscape

Procurement experience shared...

- Relationships matter
- Getting Quotes (*sigh!*) :
 - Competition always brings best value
- Reviewing Quotes:
 - Bundling often hides profit
 - Sales staff aren't campus' friend
 - Read the proposal/contract
- Contract Management:
 - Give feedback along the way
 - When you don't get what's needed, escalate
- Contractual Risks
 - Insurance
 - Warranties
 - Auto renewals/termination
 - Escalation clause (index)
 - Intellectual property
 - Protecting information
 - Financial health of supplier
 - What happens at the end of the contract?



Discussion?
Thank you