Purchasing 101
Engineering Department
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Agenda

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