Procurement and Contracting

145 Ridgeway
x3203 & x3206
What Do You Need to Know?

- Commonwealth of PA public funds are used for ESU purchases:
  - Act 57 of 1998-Commonwealth of PA Procurement Code, governs how we can procure goods and services—it’s the LAW in PA
  - Purchases over $5K are subject to the PA Right To Know (RTK) Law
  - PASSHE Board of Governors Policy 2010-01-A: Expenditures of Public Funds, deals with appropriate use of public funds, such as Food, Gifts, Promotional Items/Clothing
  - Transparency in what we do since we use public funds

- Only University Contracting Officers or those with designated signature authority may sign orders/contracts on behalf of ESU!

- Planning ahead is important - orders may require 2+ months for all signatures to be obtained, depending on $ amount of order.

- Work CANNOT begin nor goods ordered until all signatures are obtained, a Service Purchase Contract (SPC) or Purchase Order (PO) executed, and Certificate of Insurance is received/on file.

- Failure to plan does not constitute an “emergency” purchase.
What Do You Need to Know?

• If in doubt, please call the Procurement Office to review your options/requirements for the most efficient process and method!

• ESU utilizes the “SAP” system to process requisitions for goods and services. SAP training, for entering requisitions, can be scheduled by contacting our office at x3203.

• Initial SAP set-up: contact Donna Bulzoni dbulzoni@esu.edu for SAP access approval; then contact IT - Jie Gong jgong@esu.edu or Jackie Palumbo jpalumbo@esu.edu for SAP password/logon.

• Initial Office Depot online ordering: send request to Denise Aylward daylward@esu.edu with your cost center, department name, phone #, building name, and room #.

• The ESU Procurement webpage provides a plethora of information pertaining to the requisition of Goods and Services; including SAP tutorials and ‘Quick Links’: http://www4.esu.edu/about/administration/finance_administration/procurement_contracting/index.cfm

• “After the fact” contracts (trying to create an order after goods are received/work performed) are prohibited by PA law. You can be held PERSONALLY liable!
What Do You Need to Know?

• **Be familiar** with Policy 2010-01-A: Expenditures of Public Funds from the PASSHE Board of Governors restricts purchases made with State funds:
  

• How To Requisition/Order:
  - Ensure departmental funds are available for the purchase - contact Debbie Morgan dmorgan@esu.edu if funds need to be transferred
  - Create a requisition in SAP if total amount of order exceeds $1,499 for Goods or $599 for Services and **ATTACH** the Vendor’s Quote.
    - *[Note: an SAP requisition is NOT an order; nor does it generate payment]*
  - Follow-up with the approval/release process of your requisition so Procurement receives the request in a timely manner.
  - Once fully approved, Procurement processes the Requisition (may also need to get quotes or bids) and creates order.

• Procurement Staff
  - Patty Reich – Director  x3595
  - Denise Aylward – Asst. Manager  x3203
  - Florence Ford – Purchasing Agent  x3206
Important “How-To-Order” Info

GOODS:

- **<$1,500** SAP Requisition not required; Department can order directly with PCard
- **<$1,500** OFFICE SUPPLIES and TONER: use contracted vendors
- **$1,500+** **SAP Requisition required**: Dept. may obtain 2-3 quotes (on letterhead or email) and attach to Requisition, or provide at least 2 suppliers for Procurement to request the quotes.
  - **$5,000+** Dept. to obtain 3 written quotes, or supply at least 3 suppliers for Procurement to obtain the quotes; Procurement’s discretion to bid.
  - **$19,700+** must be competitively bid & publicly advertised by Procurement Office, per PA State Law. BIDS are posted for 30 days.

SERVICES:

- **<$600** Department may order directly - SAP Requisition not required; no quotes/bidding
- **$600+** **SAP Requisition required**: Department to obtain quotes (on letterhead or email) and attach to Requisition or provide at least 2 suppliers for Procurement to request quotes.
  - **$19,700 or greater** must be competitively bid and publicly advertised by the Procurement Office, per PA State Law, for 30 days.

SERVICES CANNOT BEGIN until all signatures (vendor, university, legal counsel, (OAG/Chief Counsel) are obtained and Procurement has received the Contractor’s Certificate of Insurance (if needed). This requires additional time to the process! Only Contracting Officers or those with Univ. Presidential designated signature authority may sign the SPC.
## EXAMPLES OF SERVICE PURCHASES (intangibles)

<table>
<thead>
<tr>
<th>Consultants or External Reviewers</th>
<th>Equipment Maintenance/Repairs Or Annual Inspections</th>
<th>Equipment Rentals (including Tents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guest Speakers or Entertainers</td>
<td>IT/Technical Consultants-Design &amp; Development</td>
<td>Advertisements, Photographers, Freelance Writers, Proof Reading/Editing Services</td>
</tr>
<tr>
<td>Outside Coaches &amp; Officials for Athletic Camps</td>
<td>Chartered Buses for University Sponsored Trips</td>
<td>Interpreters or Captioning Services</td>
</tr>
<tr>
<td>Fine Arts Models</td>
<td>Misc. Services/Installations</td>
<td>Workshops or Training on University Premises</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Property Leases or Property Appraisals</td>
</tr>
</tbody>
</table>
SERVICE PURCHASE CONTRACTS (SPCs)

WHY DO SERVICES HAVE TO BE ON A CONTRACT?

- REQUIRED BY PA LAW
- TO PROTECT THE UNIVERSITY
- TO CLEARLY DEFINE SCOPE OF WORK AND EXPECTATIONS FROM CONTRACTOR
- LEGAL RECOURSE AND PROTECTION IF WORK IS NOT PERFORMED PROPERLY AND/OR IF PROPERTY DAMAGE OCCURS
- LIMITS UNIVERSITY’S LIABILITY FOR INDEPENDENT CONTRACTORS ON PREMISES (INDIVIDUALS OR CORPORATE)
- “CONTRACTS” & “AGREEMENTS” ARE ONE-IN-THE-SAME WITH IDENTICAL DEGREES OF OBLIGATIONS, LIABILITY AND LEGAL ENFORCEMENT
SERVICE PURCHASE CONTRACTS (SPCs)

• No contract shall be implemented, nor shall any supplies, services, or construction be accepted or work begun on any contract that is not approved and executed in accordance with established policy and procedures.

• Only the Purchasing Department is authorized to enter into contracts, agreements, leases, and licenses, for the University for goods and services. No other University employee is authorized to sign or execute contracts or enter into agreements of any kind – when in doubt, contact Procurement.
TIME REQUIREMENTS for SPCs

NOTE: The timeframes given below are general guidelines only. Occasionally, contract terms & conditions must be negotiated, which may dramatically increase the time required to process the SPC once Procurement has received the approved/released Requisition. Please consider these guidelines as **minimum** time-periods.

<table>
<thead>
<tr>
<th>Amount of Service</th>
<th>Time Required to Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>$599 or less</td>
<td>1 week</td>
</tr>
<tr>
<td>Between $600 and $4,999</td>
<td>3 weeks</td>
</tr>
<tr>
<td>Between $5,000 and $19,999</td>
<td><strong>6 weeks</strong> (Requires Univ. &amp; Legal Approval)</td>
</tr>
<tr>
<td>Between $20,000 and $499,999</td>
<td><strong>10 weeks</strong> (Univ., Legal, &amp; Atty. General)</td>
</tr>
<tr>
<td>Over $500,000</td>
<td><strong>16 + weeks</strong> (Univ., Legal, Atty. General &amp; General Counsel)</td>
</tr>
</tbody>
</table>
PURCHASE REQ. CREATED BY REQUESTING DEPT.

PURCHASE REQ. APPROVED / RELEASED

PROCUREMENT ISSUES THE SPC

SPC MAILED TO CONTRACTOR FOR SIGNATURE

CONTRACTOR RETURNS SIGNED SPC w/COI; PROCUREMENT COUNTERSIGNS SPC

No COI? HOLD SPC UNTIL RECEIVED

SPC <$5,000

FULLY APPROVED SPC SENT TO CONTRACTOR AND REQUESTING DEPT.

SPC $5,000+

SPC forwarded to Legal Counsel for review & approval.
Other Important Procurement Points of Consideration

**Sole Source:** a **REQUIRED** request to purchase without posting for a bid, if amount exceeds the State defined BID threshold. **Specific criteria** must be met for approval by legal in Harrisburg PRIOR to use and defendable in a Court of Law -- do not assume approval will be granted.

* Failure to plan is NOT a reason to use a sole source.
* Document is posted 7 days for Public Comments -> submitted to Legal for approval
* All signatures/approvals are required BEFORE the PO or SPC is issued

**Why follow the Procurement process?**

- You may be held personally liable for not following the law!
- Service Contracts above a certain level require Legal review in Harrisburg. Procurement cannot ‘speed-up’ the approval process.
  - $5,000+ requires Univ. Legal Counsel review - State Law grants 30 for review
  - $20,000+ requires the above + Attorney General’s signature - State Law grants 60 for review
  - $500,000+ requires all above + Office of General Counsel - State Law grants 90 for review
- “After the fact” contracts are “prohibited” by State law. By law, Univ. Legal Counsel, Office of Attorney General, and Office of General Counsel, cannot sign “after the fact” contracts.

  - Commonwealth cannot, by law, pay such contracts and must go through the Settlement of Claims process (OAG and OGC) — or — Contractor files claim with Board of Claims.
    - Neither is desirable (negative perception); additional funds to redress the situation could affect dept. budget (cost of filing, accrued interest) which may negatively impact the relationship with the University as well as other departments.
Other Important Procurement Points of Consideration

Emergency Purchases, as defined in the Procurement Code, are as follows:

- a threat to public health, welfare or safety

- or if circumstances outside the University’s control creates an urgency of need preventing the use of a more formal competitive method.

“Failure to plan” is not an emergency