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-depending on $ amount of order & signatures required, some orders can take 2+ months for all signatures to be obtained
- Work CANNOT start/goods CANNOT be ordered until all signatures are obtained and a Service Purchase Contract (SPC) or Purchase Order (PO) is in place 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-early in your decision making process is better!
- ESU uses “SAP” system to process requisitions for goods and services. For training on entering requisitions/using SAP, call our office (X 3203)
- For initial set up in SAP: 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
- For initial set up for Office Max online ordering: contact Procurement-Denise daylward@esu.edu You will need your cost center, phone extension, building name and room #.
- There is a lot of info on the Procurement website about how to requisition Goods and Services at ESU-see especially Supplies, Services, Procurement 101.
  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 impermissible by PA law. You can be held PERSONALLY liable!
What Do You Need to Know?

- How To Requisition/Order:
  - Money for the purchase must be available in your dept. budget (Contact Debbie Morgan to transfer funds)
  - Create the on-line SAP requisition (if applicable) using necessary vendor information
  - Note: An SAP requisition is NOT an order! Nor does it generate a payment!
  - Ensure your requisition obtains all electronic releases
  - When req. is 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-Purchasing Agent  X3203
  - Open-Purchasing Agent  X3206
Important “How-To-Order” Info

**GOODS**
- **<$1500**
  Requisition in SAP not required; can use a P-card; no bidding or quotes required; dept. can purchase directly from supplier
- **<$1,500**
  IF OFFICE SUPPLIES-use contracted vendor (currently Office Max)
- **$1,500-$5,000**
  **Requires a requisition in SAP**; Dept. should get 3 informal quotes (written quotes strongly recommended), or supply at least 3 suggested suppliers and Procurement will obtain quotes; procurement’s discretion to bid;
- **$5,001-$19,399**
  Requires a requisition in SAP; Dept. should get 3 written quotes, or supply at least 3 suggested suppliers, and procurement will obtain the quotes; procurement’s discretion to bid;
- **$19,400 or greater**
  Requires a requisition in SAP; must be competitively bid & publicly advertised by Procurement Dept. per State Law

**SERVICES**
- **<$600**
  Requisition in SAP not required; no quotes/bidding required

  A Service Purchase Contract (SPC) is required for all below-SERVICES CANNOT BEGIN until all signatures (vendor, university, legal counsel, OAG/Chief Counsel) are obtained and we have Certificate of Insurance (if needed). This requires additional time to the process!
  Only contracting officers or those with designated signature authority may sign the SPC.
- **$600-$5,000**
  Requires a requisition in SAP; Dept. to obtain 3 informal quotes (written quotes strongly recommended); procurement’s discretion to obtain written quotes or bid
- **$5,001-$19,399**
  Requires a requisition in SAP; Dept. to supply three written quotes, or supply three suggested suppliers and procurement will get the quotes; procurement’s discretion to get written quotes or bid;
- **$19,400 or greater**
  Requires a requisition in SAP; must be competitively bid & publicly advertised per State Law by Procurement.
# Examples of Service Purchases

<table>
<thead>
<tr>
<th>Consultants or External Reviewers</th>
<th>Equipment Maintenance/Repairs Or Annual Inspections</th>
<th>Equipment Rentals (including Tents)</th>
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</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>
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<tr>
<td>Outside Coaches &amp; Officials for Athletic Camps</td>
<td>Chartered Buses for University Sponsored Trips</td>
<td>Interpreters or Captioning Services</td>
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<tr>
<td>Fine Arts Models</td>
<td>Misc. Services/Installations</td>
<td>Workshops or Training on University Premises</td>
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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 RE COURSE 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 THE SAME- SAME DEGREES OF OBLIGATIONS, LIABILITY AND LEGAL ENFORCEMENT
• 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 employees are authorized to sign or execute contracts or enter into agreements of any kind
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. Please consider these guidelines as minimum time-periods.

<table>
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<tr>
<th>Amount of Service</th>
<th>Time Required to Process</th>
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<tbody>
<tr>
<td>$600 or less</td>
<td>Approximately 1 week</td>
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<tr>
<td>Between $601 and $5000</td>
<td>Approximately 3 weeks</td>
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<tr>
<td>Between $5001 and $20,000</td>
<td>Approximately 6 weeks (Requires Univ. Legal Approval)</td>
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<tr>
<td>Between $20,000 and $500,000</td>
<td>Approximately 10 weeks (Univ. Legal &amp; Atty. General Approval)</td>
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<tr>
<td>Over $500,000</td>
<td>Approximately 16 weeks (Univ. Legal, Atty. General &amp; General Counsel)</td>
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SERVICE CONTRACT
FLOW CHART

PURCHASE REQ. CREATED BY REQUESTING DEPT.

PURCHASE REQ. APPROVED/RELEASED

PURCHASING CREATES THE SPC**

SPC SENT TO VENDOR FOR SIGNATURE

No COI? HOLD SPC UNTIL RECEIVED

VENDOR RETURNS SPC, COI, ETC. PURCHASING COUNTERSIGNS SPC

SPC IS $5000 OR LESS?

FULLY APPROVED SPC DISTRIBUTED TO VENDOR, ACCTS PAYABLE, AND REQUESTING DEPT.

SPC IS OVER $5000?

SPC FORWARDED TO LEGAL COUNSEL FOR REVIEW & APPROVAL.
Other Important Points of Consideration Regarding Procurement

• **Sole Sources have specific criteria** that must be met for approval—do not assume you will be granted one—they must go through approvals by legal in Harrisburg PRIOR to use
  – Required without competitive bidding above the competitive bid threshold
  – Failure to plan is NOT a reason to use a sole source.
  – All signatures/approvals are required BEFORE the PO or SPC is issued

• Why follow the process?
  – “After the fact” contracts are “Impermissible” 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—must go through 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, interest). Negative effect on relationship w university—may be neg. impacted & other depts. affected. Negative perception of University.
  – You may be held personally liable for not following the law!
Other Important Points of Consideration Regarding Procurement

- Most Service contracts and POs, and those above a certain signature level, must go through legal review in Harrisburg. Procurement cannot “speed up” these reviews.
  - $5,000 must go to University Legal Counsel for review.
  - At $20,000- or higher, Attorney General must sign it, AG has 30 days BY LAW to review the contract
  - $500K must also go to the Office of General Counsel, who has 30 days BY LAW to review.

- Emergency Purchases, as defined in the Procurement Code are: 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.