

XV. Purchasing Processes and Procedures (The ABC's of Purchasing)

A. Overview:

RIT has a central purchasing department but also allows for de-centralized purchasing by departments. Central Purchasing, a business unit within the Controller's Office, has delegated certain authority to departments allowing them to make purchasing decisions. This course is designed to help you understand basic purchasing principles so that authorized employees can make informed decisions when committing university funds.

Objectives:

In this course you will learn about:

- the role of the Central Purchasing Department
- how the Purchasing Department can help departments make purchasing decisions
- what you need to know before committing Institute funds
- how to interact with suppliers

B. What is Purchasing?

1. Definition of Purchasing – Purchasing may be defined as “the acquisition of needed goods and services at the optimum cost from competent, reliable sources in a timely manner.”

The Golden Rule of Purchasing:

Purchasing must acquire needed goods and services:

Of the right quality
In the right quantity
At the right price
At the right time
From the right source

2. Objectives of the purchasing function
 - a. To ensure timely delivery of required goods and services.
 - b. To achieve the best combination of quality, service, and cost.
 - c. To minimize losses related to inventory.
 - d. To build relationships with competent suppliers.
 - e. To develop reliable alternate sources.
 - f. To seize opportunities for standardization and simplification
 - g. To keep up with market trends and enhance the institute's competitive position.

- h. To carry our purchasing responsibilities and activities ethically, efficiently, and effectively.

C. The Role of the Central RIT Purchasing Department

1. Buy good and services for the RIT campus community.
2. Provide information about products, prices, and suppliers to departments.
3. Communicate and enforce the University's policies and procedures.
4. Assist departments in determining their needs and how they can best be met
5. Act as authorized agents of the University, empowered to sign contracts and commit University funds.
 - a. Review contracts and advise when legal counsel is needed
6. Oversee all purchases to ensure that RIT is being fiscally responsible to its stakeholders.
7. Look for synergy across the campus in shared commodities to take advantage of quantity discounts and establishing campus wide agreements.
8. Achieve product standardization whenever possible.
9. Conduct competitive bidding and negotiations related to the purchase of goods and services.
 - a. Evaluate quotes and bids.
10. Advise departments regarding the availability of state and government contracts.
11. Recycle/resell surplus furniture and equipment.

D. Different RIT Purchasing Methods

1. When purchasing goods and services for RIT business use, various mechanisms are available to RIT departments including:
 - a. On-line requisitioning and purchase orders – for goods and services of \$1,500 or more. A justification is required for purchases of \$5,000 or more (see section 2 below for more information).

Refer to Lesson 1: Create a requisition in the Requisition Section of the Oracle Training Manual available on line at:
<http://finweb.rit.edu/controller/training/> .

- b. Procurement Card – for goods less than \$1,500

Refer to the Controller's Office web page for additional information about using a procurement card for small dollar purchases:
http://finweb.rit.edu/controller/pro_card.html

- c. Invoice Payment Forms – For goods and services not purchased on a purchase order, when the vendor does not accept an RIT procurement card.

Refer to Chapter VII for information regarding Invoice Payment Forms and other payment processes.

- d. Petty Cash – For small dollar reimbursements of \$50.00 or less (cannot be used for services).
- e. Travel Expense Reports – For reimbursements for travel related expenditures for RIT employees.

Refer to the Controller's Office web page for additional information RIT travel policies and procedures:

<http://finweb.rit.edu/controller/travel/>

2. Purchases over \$5,000 – RIT policy states that all purchases over \$5,000 must have justification before the funds can be committed. Departments are required to complete an RIT Vendor Justification Form (see form on page 5).
3. The RIT Purchase Order is a legal document that obligates suppliers to its terms and conditions. The purchase order terms and conditions can be found on the purchasing web page.
 - a. Insurance and Indemnification – RIT Insurance and Indemnification requirements are part of the purchase order terms and conditions. This obligates the supplier to carry a minimum amount of insurance before they can do business at RIT.

E. Sources of Supply

1. Campus Wide Contracts – The Purchasing Department has negotiated several campus wide contracts. The agreements are listed on the purchasing web site under Sources of Supply. The agreements are listed by commodity and should be adhered to when purchasing these commodities.

Refer to the Purchasing web site for information about campus wide contracts and sources of supply:

<http://finweb.rit.edu/purchasing/supply/> .

2. Office of General Service – As a private institution, RIT is eligible to purchase goods and services from the New York State contract listing. This is a list of commodities and suppliers that have negotiated contracts with the State of New York. Contact the Purchasing Department for more information.
3. Internal Sources of Supply – RIT also has internal resources for some goods and services:
 - The HUB – general printing, business card and letter head printing
 - University Publications – Print design and printing services
 - ETC – Web page development

- Dining Services – Brick City Catering
- Internal Leasing Programs – Budget Office

F. Dealing with Suppliers

1. The University’s suppliers are a valuable source of information on product and services. Although Purchasing should be your first resource, there will be times when we recommend that you speak directly with selected supplier representatives. This often helps to clarify what products or services will best meet your needs. To help you in dealing with supplier representatives, we suggest the following guidelines:
 - a. Advise Purchasing in advance. They can provide you with information on qualified vendors.
 - b. When possible, contact at least three qualified suppliers.
 - c. Provide each supplier with the same information so each has an equal opportunity to make acceptable recommendations. Never provide a supplier with information regarding the funds budgeted for a purchase, or information provided to you by a competing supplier.
 - d. Discuss all aspects of the need. Use a life-cycle approach: What happens after the department owns it (e.g., consider installation, maintenance, supplies, operational skills, repair, etc.)?
 - e. Guard against overreaction to a supplier-created crisis – “The price goes up after the first of the month, “This is the last one in stock”, etc.
 - f. Do not appear to commit the Institute by telling a salesperson he or she has the order, only a purchase order or a P-card can commit the Institute.
 - g. Never accept payments or gifts from suppliers.
 - h. Orders that result from unsolicited telephone calls should not be considered. Such items have been found to be overpriced and of poor quality. Don’t get caught in a scam.

G. Surplus Equipment and Hazardous Waste

The RIT Purchasing Department is also responsible for the sale and disposal of surplus equipment and hazardous waste.

Visit the Purchasing Department web site for more information about surplus equipment and electronic waste:

<http://finweb.rit.edu/purchasing/surplus/>

<http://finweb.rit.edu/purchasing/surplus/index.html#electronicrecycling>

H. RIT Purchasing Department Location & Contact Information

124 Lomb Memorial Drive
 Building 99
 Rochester, NY 14623

585-475-2107 – Phone
 585-475-7171 – Fax

Contact Information: <http://finweb.rit.edu/purchasing/aboutus/directory/>

**Rochester Institute of Technology
Vendor Justification/Price Verification Form
Sole Source Justification**

Purchases over \$5,000.00

Department _____ Requestor _____

Date _____ Requisition # _____ Supplier _____

When entering into a purchase agreement where the total of the purchase requisition exceeds \$5,000.00, select one or more of the following statements to indicate that RIT policies and procedures were adhered to. Please attach all back up paper work as indicted.

A. I have solicited three competitive bids and have chosen the lowest cost based on price, reliability, delivery, service, or other determining factors.

Attach copies of the three bids

B. I have selected an item offered on the New York State Contract

Write in contract number _____

C. I have selected an item that has been negotiated by RIT on a campus wide basis

D. This is a sole source purchase

Fill out sole source justification on back

E. The funds provider has placed restrictions on the acquisition

Only used for grants, fill out sole source justification on back

F. I have selected an item that is from the current GSA Supply Schedule

Select only for NTID purchases, write in contract number _____

Signature _____ Date _____

Typed Name _____ Title _____ Phone _____

Use the Sole Source Justification Form when Section D is circled.

Sole Source Justification

I hereby submit that the services or products to be purchased are uniquely specialized or are services or products for which great acquired expertise is needed, and to the best of my knowledge, _____ is the only person or business entity which is singularly and peculiarly qualified, or specified by a restricted-funds provider, to provide such products or services, and if a product is the only brand which is singularly and peculiarly unique, or specified by a restricted-funds provider, for the following reasons:

The following is a description of all efforts made to adhere to the principles of competition with respect to the products or services to be purchased. The following also describes efforts undertaken to establish and validate the requirement for a sole source procurement and for measuring fairness of price. The following also provides the reasons that competitive bidding will be detrimental and will impair value with respect to this procurement:

I understand that I may be required to justify this sole source procurement before appropriate authority and that my signing this document knowing any of it to be false may subject me to administrative action.

Name _____ *Title* _____ *Date* _____