

\$5K to \$50K Campus PO's Workshop

Rev. 4
3/13/2017

Workshop Agenda

- Purchase of Used Equipment
- Modification or Termination of Contracts or Agreements
- Employees are responsible for adherence to MCCCD's Purchasing Policies and Procedures
- ProCard
- Const

Scope of Program

- What is Changing? Decentralize Purchases of \$5K to \$50K from the District Office to the individual college campuses
- Why the Change? To reduce overall cost by streamlining the process and providing greater control at the campus, close to the source of the requirement
- How will this Change be implemented?
 - Final Approval for all Requisitions up to \$50K will move to the College Fiscal Office (except Req's requiring Legal/Security approval)
 - Final Approval for all Requisitions \$50K or more will continue to be managed by the District Buyer
 - District Buyers remain available to support ANY and ALL Purchasing Questions and Sourcing needs regardless of the dollar amount
- When will this change take effect?
 - FMS Workflow Changes and testing in January 2017
 - Training at all colleges in February 2017
 - Launch districtwide with FMS Tools release on 21 February 2017
 - College Fiscal Officers can add Buyer to Req's over \$5K until Training is complete on their campus

FMS Specific Training Currently Available Online

1. Creating a Requisition

2. Itep6rhLe9 (ailabD302.033ln0-1.198 1n1 j)0.5 (R cm3r 3W)1 (Oh98 1n1 jn)0.5 (R cm3ln0A)31 (

Major focus areas for orders from
\$5K to \$50K

Small Business Supplier Development Program

- MCCCD is committed to the development of business

Competition and Written Quotes

- Requisitions for goods and services greater than \$5,000 require three written quotations
 - Whenever possible, please attempt to get at least 1 quote from a Small Business
 - Requisitions for goods and services under \$5K require a minimum of 1 ~~written~~
- All Competitive Quotes shall be uploaded into the FMS Requisition
- In all competitive procurement, the award is made to the suppliers with the lowest quote for the goods or service that meet all the Requisition's requirements
- In most cases, no competition is required when using ~~MCOs~~ ~~COAs~~ or Approved Cooperative Purchasing Agreements
- Grant Requirements: Purchases of \$3,500 or greater that utilize federal funds must adhere to the Grant competitive requirements
 - Grants Accounting will review the requisition prior to approval to ensure proper quotes have been received

MCCCD Contracts and Cooperative Purchasing Agreements

- New MCCCD Purchasing Website has a list of the current MCCCD Gop Contracts
- Maricopa County Office of Procurement Services
 - S.A.V.E website has the current Contract list but is not a complete listing of contracts available to SAVE Agency Members.
 - Please visit SAVE Agency Member sites for all available contracts.
 - GPPC and SAVE are both Purchasing Consortia that are comprised from the Cooperative Purchase Agreements that each public member entity has signed in order to participate in the various cooperative contracts.

Competition Waiver Request

- Definition: Inability to secure competitive quotations resulting in a sole source or single source Purchase Order award
-

Unauthorized Purchases

- An "Unauthorized Purchase" is an agreement, a commitment, or an order for goods or services, or a change to existing contract by any person who does not have express written delegation of procurement authority to bind MCCCDCD
- Unauthorized Purchases include:
 - Placing an order without an approved Purchase Order or changes under existing contracts that are made by persons who do not have delegated purchasing authority
 - Placing an order either before or after submitting the requisition on the assumption that a PO has or will be approved
 - Over spending the authorized amount of a Blanket Purchase order
 - Coercing a Supplier to initiate an order on the promise that a PO is forthcoming
 - Using personal funds to make a purchase of goods or services that would normally require a requisition in compliance with MCCCDCD Purchasing Policies Procedure with the intent to seek personal reimbursement
- When an unauthorized purchase is identified, an "Unauthorized Purchase Form" will be emailed to all involved parties
 - Email will outline the circumstances surrounding the unauthorized purchase with instructions providing a response
 - College president or district vice chancellor will also be copied
 - Prior to a Fiscal Office approval or payment being authorized, a copy of the written acknowledgement and approval from the college president or district vice chancellor shall be uploaded to the FMS Requisition

Prepayment of Goods and Services for Requisitions

- The District provides prepayments only for very limited types of procurements, including but not limited to:
 - Subscriptions, dues, memberships
 - Deposits for travel-related expenses
 - Certain software maintenance and license fees
- Prepayment for standard goods or services is prohibited by statute
 - Exceptions are to be made only in those situations in which no other source for the goods or services is available and no other arrangements can be made
- Justification must be provided to Director of Purchasing and Auxiliary Services or authorized designee who must approve all special prepayments

Reference MCCCD Purchasing Procedure Manual section 110A (Prepayment for Goods or Services, and P3.cd7 (r)11 (o)-3 (c)1 S0 re W n>cC

Purchase of Used Equipment

- Used equipment may be purchased if it meets the needs of the college as required by the user
 - Purchase of used equipment must be in the best interest of the District and result in a cost savings when compared to the purchase of new or refurbished equipment
- Written justification is required and support documentation uploaded to the FMS Requisition, including:
 - Requestor to complete the Purchase of Used Equipment Form and secure approval of the Director of Purchasing and Auxiliary Services. 9995 T(io)-2.9 21.6 (o)8.14m4R(u)-3.5 (a9995.3Co)-2.9 21

Employees are responsible for adherence to MCCCD's Purchasing Policies and Procedures

- Purchasing transactions are not to be intentionally divided or fragmented to get under the competitive threshold requirements
 - Example: Receive a quote for \$6K for goods or services and issue 2 PO's for \$3K each to avoid the three quote requirement
- Supplier's price and other confidential information shall not be shared with competitors:
 - Example: Receive quote for your request from ABC Company for \$6,600 and from XYZ company for \$7,200. You can NOT share pricing from ABC with XYZ as part of any negotiation
- Suppliers shall not be requested to proceed with an order until all approvals are received and a Purchase Order is issued

- MCCCCD Procurement Card (ProCard) is a Visa purchasing card issued by JP Morgan Chase available for MCCCCD classified employees
- If your department currently has a ProCard using it can dramatically reduce \$5k to \$50K blanket PO volume
 - ProCard should be used to replace supply blanket PO's such as OfficeMax
 - ProCard should be used for travel related transactions in conjunction with the Travel Authorization
 - ProCards primarily used for purchases not to exceed \$,000
- Each Fiscal Office/College Department will determine the single and monthly purchase limits for each cardholder
- MCCCCD Purchasing Card (ProCard) Policy .9 (t96 0 0 21.96 86.3857 313.988

RESTRICTED ITEMS that may not be purchased with the ProCard

- Alcoholic Beverages
- Ammunition/Weapons
- Tagged Asset Purchases as defined by MCCCD Capital Asset Accounting
(<https://business.maricopa.edu/financialservices/controller/fsc-departments/capital-asset-accounting/capital-requisitioning#Training>)
- Cash Advances/Loans, Cash/Credit
- Catering Services
- Contractual Professional Services

Construction Orders and Emergency Procurement

- Construction-related purchases between \$5k-\$50k may be issued by the colleges under the appropriate circumstances. A Project Information Form (PIF) should be completed and submitted to CAA and FP&D prior to making construction-related purchases when:
 - More than one PO is needed to achieve the scope of work (i.e., Consultant costs + construction costs)
 - Total cost exceeds the depreciable capital threshold for the category
 - The end result significantly enhances the value of the existing assets
 - The end result significantly changes the utility or purpose of an existing asset
 - When the asset's useful life is extended
 - Anytime funding from Facilities Planning and Development (FP&D) is used
 - Refer to the PIF template for more information at [B7o1TTD\)R6 \(\)sR.6 \(\)6 \(\)R 0 15.91\)F\)-\(6 Cah 0 TC3 \(s\)2 \)4v14 9 0.02 0.38](#)

Payment Side of Procure to Pay

- You've gotten quotes, created the requisition, which has gone through the approval process and becomes a PO. The goods are ordered and received or services performed and an invoice is sent to Accounts Payable, unless it was paid on Pcard.
- If you've created the requisition, you are also responsible for approving the invoice for payment.
 - Once the invoice is entered in AP, it will be in your worklist to approve.
 - Exception
 - If the PO number isn't referenced on the invoice (workflow goes to fiscal)
 - PO is overbilled (Unauthorized Purchase)
 - Sometimes this is because we can't see the true balances on your ~~time~~ increases. Let us know
 - If Receiving is Required on the PO, then the online receiving serves as the approval
 - If items are delivered directly to your department, you must let your receiving department know to complete the online receiving or the invoice will never pay.
- AP can override your approvals after 30 days and approve invoices.

Negotiations 101

- You Can Negotiate Anything, but may not be able to compete everything
 - Prices, payment terms, warranty, extended service, rebate, shipping costs, etc.
 - Knowledge is King with the competitive quotes there may be an opportunity to lower overall price (without revealing competitors quotes)
 - Notable exception AZ statute prohibits competition among Job Order Contractors (JOC)
- Before negotiating, make sure the supplier representative has the authority to negotiate
 - If not, ask to speak to the person with authority (i.e., Sr. Manager, Owner, etc.)
- Don't Make the First Offer and Don't Negotiate with Yourself
 - Don't offer an initial price or budget, because they may offer a price that is a much better deal than what you initially had in mind
- Bundle (if possible)
 - A great way to augment your negotiation over price is to include other items
- Use Silence and Time as a Tactic
 - Never respond too quickly to an offer, pausing or even suspending negotiations can convey that you're not desperate to close the deal
- Keep It Light
 - You never want to let negotiations become tense or destroy the business relationship
- Use Written Communication to follow-up and confirm dialogue

Tips on Creating Effective

District Office Contacts and Support

- Advertising- [Louis Anaya](#)
- Art - [Ren Carlson](#)
- Athletics- [Kelvin Ong](#)
- Audio Visual [Louis Anaya](#)
- Aviation - [Kelvin Ong](#)
- Buildings & Grounds (All Trades & Crafts) [Ren Carlson](#)
- Communications [Keith Killourie](#)
- Computer- [Keith Killourie](#)
- Construction- [Ren Carlson](#)
- Consultants- [Purchasing Dept.](#)
- Dual Enrollment- [Larry Woo](#)
- EMT/Fire Science [Kelvin Ong](#)
- Environmental- [Ren Carlson](#)
- ESAs [Larry Woo](#)
- Fire Safety Products [Louis Anaya](#)
- Fitness Center [Kelvin Ong](#)
- Food Services [Kelvin Ong](#)
- Forms Management [Louis Anaya](#)
- Furnishings- [Ren Carlson](#)
- Furniture- [Larry Woo](#)
- Graduation Supplies- [Kelvin Ong](#)
- Graphic Design Services [Louis Anaya](#)
- IGAs- [Larry Woo](#)
- Insurance Services [Gloria Toscano](#)
- Libraries- [Larry Woo](#)
- Linen Services [Kelvin Ong](#)
- Mailing Services [Louis Anaya](#)
- Marketing Materials- [Louis Anaya](#)
- Misc. Clothing/Uniforms- [Kelvin Ong](#)
- Moving & Storage [Kelvin Ong](#)
- Office Equipment [Larry Woo](#)
- Office Supplies [Larry Woo](#)
- Performing Arts- [Larry Woo](#)
- Photography- [Louis Anaya](#)
- Printers- [Keith Killourie](#)
- Printing - [Louis Anaya](#)
- Professional Services Contracts [Larry Woo](#)
- Purchasing Card Administrator [Gloria Toscano](#)
- Radio Broadcast [Kelvin Ong](#)
- Scientific, Medical, Dental, Health, Lab [Kelvin Ong](#)
- Security- [Louis Anaya](#)
- Signage [Ren Carlson](#)
- Stage & Theater Equipment [Ren Carlson](#)
- Subscriptions/Memberships [Larry Woo](#)
- Temp Personnel Services [Larry Woo](#)
- Textbooks, Manuals [Kelvin Ong](#)
- Travel- [Larry Woo](#)
- Vehicles: Fleet [Louis Anaya](#)
- Vehicles: Off Road [Louis Anaya](#)
- Video Production- [Louis Anaya](#)

Helpful Links

MCCCD Purchasing Website: <https://business.maricopa.edu/purchasing>

MCCCD Purchasing Procedure Manual:

<https://business.maricopa.edu/sites/default/files/New%20Purchasing%20Manual%20100616.pdf>

FMS Training Website: <https://hr.maricopa.edu/professionaldevelopment/traininglearning/programs/technologytraining-materials>

Competition Waiver Form: <https://business.maricopa.edu/purchasing/employees/employeesresources>

Vendor Loan and Test Agreement

https://business.maricopa.edu/sites/default/files/vndrloan_test_agreement%201.pdf

Acknowledgement and Disclosure: <https://administration.maricopa.edu/acknowledgement-and-disclosure>

Special processing for construction orders: <https://chancellor.maricopa.edu/publicstewardship/governance/administrative-regulations/1-fiscal-management/1.14-capital-development-project>

Capital Development Project Manual: https://business.maricopa.edu/sites/default/files/procgde_capdev_0.pdf

MCCCD Purchasing Card (ProCard) Policy and Procedures: https://business.maricopa.edu/sites/default/files/Procard%20Policy%20%26%20Procedures%202016_0.pdf

MCCCD Purchasing Card (ProCard) Policy and Procedures:

https://business.maricopa.edu/sites/default/files/Procard%20Policy%20%26%20Procedures%202016_0.pdf

Frequently Asked Questions

- Q1. What is the difference between best price quote vs. best overall cost?
- A1. Best overall cost considers all costs for the goods to arrive at required destination. In addition to unit price, buyer would consider delivery, warranty, etc... Sometimes referred to as the “lowest responsible bidder/quote provider”, having the ability, capacity and skill to meet the requirements of the bid/quote.
- Q2. When will blanket PO’s be eliminated?
- A2. Goal is to eliminate most Blanket orders by 7/1/18. Blankets will be permitted in very limited cases where the supplier will not accept the ProCard or the commodity is on the ProCard prohibited items listing. One example of permissible use of blanket orders will continue to be utilities.
- Q3. When will we eliminate Requisitions for all purchased under \$5K?
- A3. The plan is to move all purchases under \$5k to the ProCard, unless the item or service required is on the Prohibited Items list or the supplier does not accept Visa. Goods and services that cannot be purchased with the ProCard will continue to require a Requisition.

Frequently Asked Questions (Cont)

- Q7. Is a “Decline to Quote” consider to be a quote?
- A7. Yes Attach the

Frequently Asked Questions (Cont)

- Q10. How can I identify Small Businesses to quote?
- A10. City of Phoenix, City of Tucson and ADOT have certification programs. Their