Purchasing 101
Hand-in-Hand Session
March 29, 2018
Organizational Location

The Purchasing Division is located under the Office of EVPFA:

Dr. Eric N. Monday
Executive Vice President for Finance and Administration

James Frazier
Executive Director
Risk Management and Administrative Services

Central Office: 322 Peterson Service Building
Organization Internal Structure

Chief Procurement Officer
Barry Swanson

Associate Director Healthcare Purchasing
Paul Reister

Associate Director Central Purchasing
Naomi Emmons

Assistant Director Construction Purchasing
Mike Mudd

Contracting Officers I, II, III
Price Contract Coordinators
Procurement Card Specialist
Strategic Sourcing Specialists
Administrative Assistants
Enterprise Applications (EAG) Team Members
Supplier Diversity Coordinator
University Surplus Coordinator
Overview of Purchasing Division

The Purchasing Division is responsible for conducting and overseeing procurement activities for the University, including hospital purchases and capital construction.

The University typically purchases >$800M per year in goods and services, exclusive of construction.

Departments, colleges, and units conduct > 400,000 transactions per year of various types for goods and services.
## What Does The University Buy?

All goods and services needed for operation and sustainability of the University. Examples:

<table>
<thead>
<tr>
<th>Office Supplies</th>
<th>Food and Catering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computers</td>
<td>Patient Care Goods and Services</td>
</tr>
<tr>
<td>Furniture</td>
<td>Printing</td>
</tr>
<tr>
<td>Laboratory and Scientific/Chemicals</td>
<td>Advertising</td>
</tr>
<tr>
<td>Agricultural Equipment and Supplies</td>
<td>Library and Copyrighted Materials</td>
</tr>
<tr>
<td>Art Objects</td>
<td>Photography</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>Musical Instruments</td>
</tr>
<tr>
<td>Attorney Services</td>
<td>Vehicles, Bus Charter, Air Charter</td>
</tr>
<tr>
<td>Engineering Services</td>
<td>Uniforms</td>
</tr>
<tr>
<td>Space Lease and Rental</td>
<td>Promotional Items</td>
</tr>
<tr>
<td>Janitorial</td>
<td>Freelance Professional Services</td>
</tr>
<tr>
<td>Teaching Aids and Services</td>
<td>Communications Services and Hardware</td>
</tr>
<tr>
<td>Facilities/PPD/Stores</td>
<td>Capital Construction Projects</td>
</tr>
</tbody>
</table>
Statutory Authority For State Agencies

Procurement within Kentucky state agencies and public universities is governed by the Model Procurement Code.

B. PURCHASING DIVISION

General Purchasing and Contracting Authority

I. Purpose

The Board of Trustees of the University of Kentucky has elected to perform all contractual services, rentals of all types, and purchasing of supplies, materials, equipment, printing and services in accordance with KRS 164A.550 to 164A.630.

II. Responsibilities

Purchasing and contracting functions at the University of Kentucky as a state agency must be completed within the framework of the Commonwealth of Kentucky Revised Statutes. These statutes contain the following major purchasing responsibilities:

A. Establish policy and procedures to complete competitive sealed bidding, competitive and noncompetitive negotiations, and small purchase procedures;

B. Establish procedures to identify items of common general usage to foster volume purchasing, and establish and enforce schedules for purchasing supplies, materials and equipment.
Other Compliance

Beyond the Model Procurement Code, a number of other statutes, policies, and regulations apply to University procurement:

• Kentucky Administrative Regulations; Printing Statute
• Federal and State Grants Management
• Equal Opportunity/Openness in Solicitations
• HIPAA Requirements in Patient Care Contracts
• E-Commerce Transaction Processing
• University internal policies (e.g., logo usage, furniture fire ratings, standards, recycled content paper, etc.)
Delegation of Authority

“Delegation of Authority” means departments can make some purchases that are in compliance with contracts and other requirements.

Delegation dynamics are based on:

- Micro-dollar purchases
- Contract Compliance
- Authorization (Agreement/Training)
Methods To Buy

In general, there are three methods for purchase of goods:

1. Purchase Order
2. Procurement Card
3. Payment Request Document (PRD)

With some exceptions/special processes, methods generally correlate with the concept of “Delegated Authority”

<table>
<thead>
<tr>
<th>Method</th>
<th>Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase Order</td>
<td>Non-Delegated</td>
</tr>
<tr>
<td>Procurement Card</td>
<td>Delegated</td>
</tr>
<tr>
<td>Payment Request Document</td>
<td>Delegated</td>
</tr>
</tbody>
</table>
1. Purchase Orders (Non-Delegated)

Purchase Orders are required for the following types of purchases:

(TIP: Purchase orders trigger from Shopping Carts or Requisitions (Hospital))

- Orders from e-procurement suppliers
- Orders with value > $5000
- Capital Equipment
- Agreements with extended terms and conditions (i.e., fine print)
- Purchases where the supplier does not accept procurement card
2. Procurement Card (Delegated)

In general, procurement card is used for the following types of purchases:

- Orders with total value < $5000
- Small/minor equipment
- Typically general goods for operational needs
- In general, agreements with extended terms and conditions are not permitted
- Contract adherence where applicable
- Items not provided by e-procurement catalogs
3. Payment Request Document (PRD) (Delegated)

Payment Request Document (PRD) is typically used for payments that may require limited Purchasing involvement. May also involve discretionary funds. Examples:

- Utilities
- Accreditation/Government Fees
- Licenses, Membership Dues
- Gifts
- Honoraria
- Awards
- Flowers/Decorations
- Guest Expenses
- Refunds

**Note:** The PRD program is managed by University Financial Services - Accounts Payable
How To Determine The Correct Method

Purchasing maintains the “Purchasing/AP Quick Reference Guide” on its website. The guide lists general categories of purchased goods and services along with the correct method and applicable notes.

http://www.uky.edu/Purchasing/docs/quickrefguide.pdf
# Frequent Inquiries – Partner Business Areas

<table>
<thead>
<tr>
<th>Inquiries</th>
<th>Owner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice Postings</td>
<td>Accounts Payable (UFS)</td>
</tr>
<tr>
<td>Journal Vouchers (JVs) &amp; General Ledger (GL)</td>
<td>General Accounting (UFS)</td>
</tr>
<tr>
<td>Subcontracts</td>
<td>Sponsored Projects (OSPA)</td>
</tr>
<tr>
<td>Stores Orders</td>
<td>Stores</td>
</tr>
<tr>
<td>Work Orders</td>
<td>Physical Plant Division</td>
</tr>
</tbody>
</table>
Vendor Management And Activity

The Purchasing Division has ownership and responsibility for the University’s vendor database.

This includes vendor additions and updates for POs, PRDs, employee reimbursements, etc.

Currently active/available: ~ 35,000, not including those utilized via p-card. A vendor will become inactive after 24 months of inactivity.

The University does business with > 15,000 vendors per year

Combined Vendor application: http://www.uky.edu/Purchasing/
Contracts Management

The Purchasing Division executes and manages all procurement contracts for the University (1800+)

- Price Contracts – General Goods and Services
- Patient Care Goods and Services
- Construction Agreements
- Personal Services Contracts
- Software Agreements
- Catering Agreements
- Hotel Agreements
- Entertainment
- One-off/One-time agreements
Capital Equipment

Capital Equipment is any single item with cost > $5000

- Method > Purchase Order (Shopping Cart/Requisition)
- Use Capital GL (55XXXX)
- Items automatically transfer to Plant Assets Inventory post-purchase
Personal Services

The state Legislative Contracts Committee reserves authority over all purchases of “Personal Services”. Examples:

- Attorneys
- Engineers/Architects
- Consulting Services
- Executive Search Firms
- Web Design
- Graphic Design

If over $10,000, must be preceded by a competitive process. More information, forms, and steps are available at:

http://www.uky.edu/Purchasing/persvctrain.htm
Independent Contractors

IRS regulates how business entities may engage Independent Contractors (a.k.a., freelance or private individuals). Require Scope of Work form and approved by HR Compensation.

- Interpreters
- Writers
- Entertainers
- Proofreaders
- Musicians
- Referees
- Any provider using their SSN as their business TaxID

Supplier Provided Terms and Conditions

Many supplier quotes and agreements contain their terms and conditions (a.k.a., fine print)

- 100% binding if agreed to or purchase made
- Can contain dangerous legal requirements
- Some clauses are illegal per Kentucky law
- Signatory can be held personally liable

11.6 Waiver. No failure or delay by either party in exercising any right, power, or remedy under this Agreement, except as specifically provided herein, shall operate as a waiver of any such right, power or remedy.

11.7 Choice of Law. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the parties irrevocably agree to the exclusive jurisdiction of the courts of the Province of British Columbia with respect to any dispute or claim arising out of or in connection with this Agreement.

11.8 Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be contrary to law, such provision shall be changed and interpreted so as to best accomplish the objectives of the original provision to the fullest extent allowed by law and the remaining provisions of this Agreement shall remain in full force and effect.

11.9 Force Majeure. Party shall not be deemed to be in breach of this Agreement for any failure or delay in performance caused by reasons beyond its reasonable control, including but not limited to acts of God, earthquakes, wars, terrorism, communication failures, strikes (other than strikes at such party’s facility or involving such party). If either party’s performance is prevented by a force majeure event for a period of more than thirty (30) calendar days, the other party may terminate this Agreement without further obligation or liability, subject to any payment amounts due and payable immediately prior to the commencement of such force majeure event.
Signature Authority

Per University Legal Counsel and Business Procedures, any agreement with terms and conditions (fine print) or requiring signature must be reviewed by Legal or Purchasing. **Only** Purchasing or EVPFA can sign on behalf of the University.

Any agreement can be emailed for review and signature: UKPurchasing@uky.edu

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**B. PURCHASING DIVISION**

*Use of Existing Contracts*

**Use of Existing Contracts**

University departments and administrators do not have authority to sign contracts that obligate the University for goods and services. Vendors requiring a document to be signed in response to any departmental delegated purchase must forward all associated documents to the Purchasing Division for review and appropriate disposition. The Purchasing Division will insure any required document is in accordance with procurement statutes and university policy and will secure the appropriate university signatures. After signatures are obtained, the vendor agreement and associated documents will be returned to the requesting department for transmission to the vendor. Address any questions about dealing with vendor’s contract terms to authorized representatives of the Purchasing Division.
Upcoming Uniform Guidance Changes

Upcoming changes related to purchases against federal grants July 1 per OMB. Standards will be conveyed for competitive pricing requirements, conflicts of interest, travel, documentation required, etc.

<table>
<thead>
<tr>
<th>Faculty focused presentations:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Location</td>
</tr>
<tr>
<td>March 28&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Ag Cameron Williams Auditorium - Goodbarn</td>
</tr>
<tr>
<td>April 4&lt;sup&gt;th&lt;/sup&gt;</td>
<td>115 College of Nursing</td>
</tr>
<tr>
<td>April 13&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Gatton Auditorium</td>
</tr>
<tr>
<td>April 18&lt;sup&gt;th&lt;/sup&gt;</td>
<td>WT Young UKAA Auditorium</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Staff focused presentations:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Location</td>
</tr>
<tr>
<td>June 1&lt;sup&gt;st&lt;/sup&gt;</td>
<td>Gatton Auditorium</td>
</tr>
<tr>
<td>June 11&lt;sup&gt;th&lt;/sup&gt;</td>
<td>WT Young UKAA Auditorium</td>
</tr>
<tr>
<td>June 20&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Ag Cameron Williams Auditorium - Goodbarn</td>
</tr>
<tr>
<td>June 26&lt;sup&gt;th&lt;/sup&gt;</td>
<td>220 Multi-Disciplinary Science Building</td>
</tr>
</tbody>
</table>

Information on scheduled Town Hall sessions available in the UFS Advisor Newsletter: [http://www.uky.edu/ufs/](http://www.uky.edu/ufs/)  (Note: April 4 session is cancelled)
Contract Purchases

Per the Business Procedures Manual, purchases should be made from University contracts when they exist:

- Compliance with Model Procurement Code and University requirements
- Competitively Bid
- Risk managed (warranties, insurance certificates, etc.)
- Use of contracted suppliers automatically fulfill federal grant (Uniform Guidance) requirements
- Some procurement contracts are required by statute and/or have exclusivity clauses

For questions or comparison inquiries, contact the appropriate for guidance ([http://www.uky.edu/Purchasing/purchcomlist.htm](http://www.uky.edu/Purchasing/purchcomlist.htm))
Amazon Purchases

As a unique online retail entity, Amazon purchases present challenges to higher education institutions:

- Compliance issues - no contract
- Sales tax charges
- Apples-to-apples comparisons
- Warranty and third-party transaction issues
- Intermingling of personal and workplace transactions

Generally approved items included books and most media

⚠️ Red flags: Items that conflict with University contracts, particularly those involving exclusivity
Recent Purchasing Organizational Additions

Supplier Diversity: Manages and advocates on behalf of diverse suppliers doing business with the University

• Education, Resource Provision, Participation Encouragement
• Minority, Women, Disabled, Veteran and Disabled-Veteran Owned Businesses. Also includes non-profit work centers for the blind and severely disabled.
• Connects diverse suppliers with University needs

POC: George Brown, gbrown@uky.edu
Website: http://www.uky.edu/supplierdiversity/
Recent Purchasing Organizational Additions

University Surplus: Responsible for managing disposal of all equipment and supplied deemed surplus to the University’s needs. Inclusion with Purchasing provides for better life cycle management and re-use of University assets.

University departments can review/check out items for their needs each Tuesday 1:00 to 4:00 (Scott St./Broadway)

POC: Nathan Maiwald, nathan.maiwald@uky.edu
Website: http://www.uky.edu/Purchasing/
Potential New E-Procurement Platform

Currently exploring improved platforms for e-catalog suppliers and e-shopping. Possible 200+ e-procurement suppliers, electronic invoicing, product comparisons, multiple orders from one cart, etc.
Potential New E-Procurement Platform

Could include mobile shopping and approvals; also possibility of voice-based shopping via app
Potential New E-Procurement Platform

Possible improved Shopper dashboards and visual reporting tools, improved tracking, etc.
Improved Reporting And Analytics Via Tableau

Purchasing and EAG are working to make Tableau visualizations available, potentially including:

- Spend by Supplier
- Spend by cost object
- Spend by Shopper ID
- Spend by transaction type
- Other possible Key Performance Indicators (KPIs)
Departmental Procurement Best Strategy

1. Use the AP Quick Reference Guide to narrow down goods or services your area specifically purchases and identify correct method for select commodities.

<table>
<thead>
<tr>
<th></th>
<th>Standard Procurement Cost Purchases less than $10,000 (Preferred Method if Non-E-Casing Supplier)</th>
<th>SRM Shopping Cart / E-CG Requisition through Purchasing</th>
<th>Payment Request Document (PRD)</th>
<th>Payroll</th>
<th>Student Payment Voucher (SPV)</th>
<th>Travel Voucher/ TRIP</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dry Cleaning and Laundry Services</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Refer to BPM • B-3-2-2 and E-7-10</td>
</tr>
<tr>
<td>Dues for Memberships</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Refer to BPM • B-3-2-2 and E-7-10</td>
</tr>
<tr>
<td>Diluting Services</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Use Fiob on-campus Document Service Centers, Visit <a href="http://www.uky.edu/krisco/">http://www.uky.edu/krisco/</a> for more information.</td>
</tr>
<tr>
<td>Editing publications or articles</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Follow Independent Contractor process outlined at: <a href="http://www.uky.edu/FPFA/controller/files/BPM/7-3/pdf">http://www.uky.edu/FPFA/controller/files/BPM/7-3/pdf</a></td>
</tr>
<tr>
<td>Entertainment</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Follow Independent Contractor process outlined at: <a href="http://www.uky.edu/FPFA/controller/files/BPM/7-3/pdf">http://www.uky.edu/FPFA/controller/files/BPM/7-3/pdf</a></td>
</tr>
<tr>
<td>Equipment Lease/Rental</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Purchasing must review and sign any written agreement.</td>
</tr>
<tr>
<td>Equipment, Repairs, and Service involving no signed contract or no maintenance agreement</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>If signature required, must be on a Shopping Cart / Requisition</td>
</tr>
<tr>
<td>Examination Fees</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>If agreement required, must be on a Shopping Cart / Requisition</td>
</tr>
<tr>
<td>Exhibit Space for Conventions, Conferences, Trade Shows/Meeting space/room</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>If agreement required, must be on a Shopping Cart / Requisition</td>
</tr>
<tr>
<td>Exhibit Fees</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>If agreement required, must be on a Shopping Cart / Requisition</td>
</tr>
<tr>
<td>Expenses Mail Services (i.e., FedEx, UPS, DHL)</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Refer to BPM • B-3-2-2 and the Discretionary Expenditure Policy E-7-10</td>
</tr>
<tr>
<td>Flowers</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Refer to BPM • B-3-2-2 and the Discretionary Expenditure Policy E-7-10</td>
</tr>
</tbody>
</table>

Purchasing 101
Departmental Procurement Best Strategy

2. Pair that information as needed with other University and departmental resources for real-time knowledge following best and proper guidelines.

<table>
<thead>
<tr>
<th>Prefix</th>
<th>PCT#</th>
<th>Exp. Date</th>
<th>Contracting Officer</th>
<th>Contract Name</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>0982-10</td>
<td>12/27/18</td>
<td>Paul Reister</td>
<td>Ablation Catheters</td>
<td>Biosense Webster</td>
</tr>
<tr>
<td>UK</td>
<td>1556-15A</td>
<td>6/30/18</td>
<td>Joyce French</td>
<td>Acquisition of Periodicals</td>
<td>Ebisco Information Services</td>
</tr>
<tr>
<td>UK</td>
<td>1556-15B</td>
<td>6/30/18</td>
<td>Joyce French</td>
<td>Acquisition of Periodicals</td>
<td>Otto Harrassowitz gMBH &amp; Co.KG</td>
</tr>
<tr>
<td>UK</td>
<td>1556-15C</td>
<td>6/30/18</td>
<td>Joyce French</td>
<td>Acquisition of Periodicals</td>
<td>YBP Library Services</td>
</tr>
<tr>
<td>UK</td>
<td>0971-10</td>
<td>6/30/14</td>
<td>Paul Reister</td>
<td>Acute Dialysis Care Services</td>
<td>Bio-Medical Applications of Ky Inc. (Fresenius)</td>
</tr>
</tbody>
</table>

**B. PURCHASING DIVISION**

*Procurement Card Authorization and Limits*

**I. Purpose**

The University of Kentucky Procurement Card Program increases the efficiency of the purchase and payment of small dollar acquisitions and is the primary purchasing method for delegated small dollar purchases.

The program has the ability to place the controls listed below on each card enabling it to be tailored specifically for individual departmental requirements:

- Spending Limit Per Transaction
- Spending Limit Per Month
- Transactions Allowed per Day
- Transactions Allowed Per Month
- Merchant Category Code
- Departmental Account Number

**II. Policy**

Purchases must not be made from non-contract suppliers when a University Price Contract supplier exists for similar commodities or services.

The University of Kentucky Procurement Card is issued to an individual cardholder (employee). University employees responsible for making purchases for their department may apply for a University of Kentucky Procurement Card when authorized by their department head.
3. Use University contracts when applicable. These act as “Master Agreements”.

- Compliant with state/federal law and university regulations
- Contract terms supersede any fine print in supplier quote
- Signatures not applicable

**Price Contract Lists**

Please click on the PDF file below. You may save this file by opening it and then saving it, or by simply right-clicking the filename and saving it from the menu.

*UK Price Contract List - Sorted by Commodity (PDF)*

*UK Price Contract List - Sorted by Vendor (PDF)*
Purchasing Help Resources

Purchasing Website: http://www.uky.edu/Purchasing/
Contains news, commodities listings, contracting officers contact information, help guides, links to policies, etc.

Newsletters are prepared quarterly and posted on the home page as well as issued via ListServ.

General Inquiry/Agreements email: UKPurchasing@uky.edu
E-catalog/Shopping/Technical Help: srmhelp@uky.edu
Website Tour (http://www.uky.edu/Purchasing/)

Welcome to the Purchasing Division

The mission of the Purchasing Division (including Central Purchasing, Hospital Purchasing, and Capital Construction Procurement) is to provide service and support, in a legal and professional manner, to purchase quality goods and services at the best value to the University Community.

Purchasing News

CDW-G E-Catalog Updates and Expansion

A large number of additional products have been added to the CDW-G e-catalog within the SRM e-procurement system. In addition to a greater offering of standard computing items, departments now have access to order Vari-Desk products (at a lower contract price than available direct from the Vari-Desk website). Apple products are also now available to order via SRM Shopping Cart directly from the CDW-G e-catalog. A number of current products were also recently re-negotiated for improved pricing. Questions regarding the CDW-G catalog can be directed to UKPurchasing@uky.edu or SRMHelp@uky.edu.

Purchasing FY 17-18 Year-End Cut-Off Memo

The year-end cut-off letter is now available on the Purchasing website and reflects various deadlines through July 2. As always, we encourage you to work with your F&A office to ensure that your invoices are on time.
Questions?