Procurement Updates

2018

Welcome by Jeff West
Topics and Presenters

• Welcome
  • Jeff West, Associate Vice President, Financial & Business Services (FBS)

• Utah Procurement Code Review
  • Glendon Mitchell, Director

• Avoiding Purchasing Pitfalls
  • Katie Carreau, Associate General Counsel

• Contract Management and TCM Highlights
  • Mike Smith, Contracts Manager

• UShop eProcurement System
  • Mary Louise Hughes, UShop Training Manager

• PCard Program Revisions
  • JoLene Snyder, PCard Program Manager

• Year-end Procurement Processes
  And

• May 2018 Campus Vendor Fair
  • Jeff Johnson, Associate Director

• Conflict of Interest Oversight of Purchasing Transactions
  • Emily Ostrander, Senior Research Analyst

• Questions
Introduce Terri O’Toole
New Associate Director
State Procurement Code Update

• Drastic changes were made starting in 2013

• Criminal penalties were added for some violations (e.g. order splitting and gratuities)
2018 Procurement Code Update
No Changes
Stranger Things... than the Procurement Code?

• Avoiding Purchasing Pitfalls:
  • OGC Top Tips
Specific, Detailed State Laws – detailed process; limited flexibility

• Bike Helmets and Bubble Wrap
• Not the Upside Down
Application of Competitive Purchasing Processes

• All Expenditures of Public Funds
  • Is the University paying money?

• What are Public Funds?
  • Money Owned or Held by the University

• Business Deals – Commissions, Recruitment firms

• Different Process for Your Situation:
  • Bids
  • RFPs:
    • Price is NOT the most important factor
    • Price is NOT the determining factor
Limited Exceptions to Competitive Bidding and RFPs

• Sole Source [https://fbs.admin.utah.edu/purchasing/forms_pur/](https://fbs.admin.utah.edu/purchasing/forms_pur/)
  • Relying on the Subject Matter Experts

• Small Purchase (under $5,000)

• Note: Vice Presidents **cannot** grant exceptions to state law requirements for competitive processes
Avoid the Upside Down

• Order Splitting – Criminal Penalties
• Accepting Gifts
• Anticompetitive Conduct; Steering to a Favored Vendor
  • Key Concept: Unbiased evaluation committees
• Purchasing Department’s Duty to Report
Complicated Relationships: Donors who are Vendors

• Avoid The Upside Down
• Clean lines between roles in your Unit
• Unbiased Evaluation Committees
Protests: Disgruntled Vendors

- Did our Purchasing Process comply with state law?
  - Generally required to put purchasing process on hold
  - Appeal University’s decision to State Board
Bike Helmets and Bubble Wrap

- Multi-year Contracts: 5 year limit
  - Unless Industry Standard or Other Business Reason
- Plan Ahead for Renewing Contracts!
  - Limitations on Extension Without Competition
  - Total Contract Manager System (TCM) sends advance expiration notices
- Restrictions on Prepayments to Vendors
Take Home Message

• Over $5,000 or other complicated factors, Contact Your Friends and Experts in Purchasing.
Procurement Review/Updates
Request for Proposal process

• RFP’s - much more detail required
• Most RFP processes are mandated by statute.
• Recommendation:
  • Departments contact Purchasing prior to starting work on an RFP.
• Partnering on the front end saves time and challenges on the back end.
Sole Source Update

**Conflict of Interest Disclosure:** Complete disclosure must be included with this request if the requestor has any Significant Financial Interest (as defined by University of Utah Policy I-066: Individual Financial Conflict of Interest Policy) in the recommended vendor. Please check (a) or (b) and, if appropriate, attach additional documentation as described below.

- (a) I do NOT have a Significant Financial Interest in the recommended vendor.
- (b) I have a Significant Financial Interest in the recommended vendor, and I have formally disclosed that interest to the University through the Business Relationship Reporting ("BRR") System available online through the Conflict of Interest Office’s website (please attach a copy of the requestor’s most recent BRR disclosure form).

**Part 2:**

<table>
<thead>
<tr>
<th>Define why there is only one source by checking all that apply below and completing the corresponding action at the right.</th>
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<tbody>
<tr>
<td>There is only one source for the procurement item.</td>
<td>Complete section A</td>
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<tr>
<td>This type of transaction includes compatibility/transitional costs from existing equipment, technology, software, accessories, replacement parts, or service, including professional services which are unreasonable or cost prohibitive.</td>
<td>Complete section B</td>
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<td>The award to a specific supplier, service provider, or contractor is a condition of a donation that will fund the full cost of the supply, service, or construction item.</td>
<td>Complete section C</td>
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<td>A procurement item is needed for trial use or testing to determine whether the procurement item will benefit the business unit.</td>
<td>Complete section D</td>
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Please complete all fields in your selected section(s) below. Requests missing information will be returned to requestor for completion.

**Section A: ONLY ONE SUPPLIER**

1. Explain in detail why the service or product is only available from a single supplier. For equipment, please define in detail the proprietary specifications and how they apply to your intended use. Explanation must include a statement that the requestor validates this is the only source.

2. Explain why variations or modifications cannot be made to the product/service in order to allow for competition.

3. Explain the market research performed to make the sole source recommendation?

4. List the names of other similar vendors contacted, contact person(s), and a summary of their response, if there is only one source for the procurement item.

New section added to the Sole Source Request form:
- **Conflict of Interest**

More information now required regarding potential COI issues

http://fbs.admin.utah.edu/purchasing/forms_pur/

Use of the new Sole Source Request form to start April 30, 2018

More COI information to follow in presentation
# Procurement Training Opportunities

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<td>PCard</td>
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<td>X</td>
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<tr>
<td>Total Contract Manager (TCM)</td>
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Purchasing website: [http://fbs.admin.utah.edu/purchasing/](http://fbs.admin.utah.edu/purchasing/)
Recommendation

- For purchases over the small dollar threshold of $5,000
  - Contact Purchasing with any questions before initiating effort
- Resolving questions/issues on the front end saves times and minimizes complications
- In other words:
  - PLEASE CONTACT/PARTNER WITH PURCHASING!!
Contract Management

• Types of contracts:
  • Lease
  • Employment
  • Sponsored Research
  • Goods & Services a.k.a. Procurement Based contracts
Procurement Based Contracts & Contracting Process

• What is a Procurement Based Contract?
  • *Contract or agreement which results from a Quote, Bid, Sole Source, or RFP process*

• Current and Future Contracting Process
  • *Collection of “Historically Executed” Contracts*
    Office of General Counsel and Purchasing
    Collaboration Total Contract Manager (TCM)
Total Contract Manager (TCM)

• TCM Launch
  • March of 2017 and going strong!

• Request and Continued Collection of “Historically Executed” Contracts
  • Campus Departments we need your help

• What, Why’s & How’s of TCM
  • Central repository for procurement related contracts
  • Transparency and Compliance
  • Provides notice, reporting and strategic opportunities
Total Contract Manager
Useful Information

- TCM Informational Link
  - http://fbs.admin.utah.edu/purchasing/total-contract-manager/
Campus Order Elimination

• Replacement options:
  • UShop
  • PCard
  • eJournal
Campus Order Elimination

Now:  
Positively U / Hospital Gift Shop  
THE UNIVERSITY OF UTAH

Next:  
Campus Store  
THE UNIVERSITY OF UTAH

INSTITUTIONAL REVIEW BOARD

University Information Technology  
SOFTWARE LICENSING  
THE UNIVERSITY OF UTAH

A. Ray Olpin  
UNIVERSITY UNION  
THE UNIVERSITY OF UTAH

J. Willard Marriott Library  
50 YEARS  
ALL U NEED

June 30, 2018
Valcom HP Computer Purchase Request

• University Contract Pricing – great savings!
• Meets all UIT standard requirements
• Specialized UShop Form
GFA Approved Alternates

“UShop Only” option

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<td>Ushop Trans. ONLY - approve</td>
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New Amazon Punch-out Features

- Business Prime Shipping Membership
- Shipping Options – Expedited Shipping
- 7-Day Inventory Lock
- Scheduled Delivery
Procurement of Payment... Which Path?

Best Practice:

• Goods & Services – any $ amount

• Small Dollar/Supplier preference

• Non-Procurement – ePR
  • ePR Roadmap
Self-Help Training

• UShop Training Materials
New Branded University Purchasing Card

- The new **VISA** branded University Purchasing Card, PCard has been sent!
- This will allow time for cardholders to activate the **VISA** card and finalize any pending MasterCard transactions.
- As of May 1, 2018 the MasterCard will no longer be valid.
University Department Purchasing Card

• A Department PCard is offered as a pilot program for departments that would like to participate.

• This is a card that is obtained by a very responsible custodian that will monitor the card use and maintain the documentation.

• This card has lower limits and is checked in and out by the custodian to individuals within the department with a U of U ID.

• Generally used instead of reimbursing through petty cash or personal reimbursements.
Purchasing Card Audits

• The Purchasing Card department schedules audits with departments on a regular basis.

• Over the past year the Purchasing Card policies have not changed, but have been enforced during these audits.

• Audits require proper documentation, signatures and itemized receipts.

• Due to the increase in fraud in all aspects of procurement we review PCard transactions daily.

• Emails are sent when a purchase looks suspicious.
University Purchasing Card

- The PCard is a great tool to procure non-travel, small dollar goods and services under $5,000.
- It may be used as a replacement for some of the previous paper based processes, such as payment requests or campus orders.
- It’s an efficient and cost effective method.
- Purchasing cards are preferred by most merchants as a payment method.
• **RFP – April 13, 2018 8-10+ Week Process**
  - Includes:
    - RFP creation
    - Posting
    - Review and scoring
    - Product demonstrations
    - Award and contract negotiations

• **Multi-Stage Bids – April 13, 2018 6-8+ Week Process**
  - Includes:
    - Bid specification / requirements creation
    - Posting
    - Bid response evaluation
    - Stage advancement and posting
    - Award and contract negotiations

• We will do our best to process year-end procurement requests requiring completion prior to June 30, 2018
FY 2018 Year-End Procurement Submission Dates continued..

• Invitation for Bid – May 4, 2018
  3-6 Week Process
  • Includes:
    • Bid specification / requirements creation
    • Posting
    • Bid response evaluation
    • Award and contract negotiations

• Request for Quotes – June 1, 2018
  5-9 Day Process
  • Includes:
    • Quote specification / requirements creation
    • Request to vendors
    • Response review
    • Approval
Campus Vendor Fair

• When: Thursday, May 17, 2018
• Where: A. Ray Olpin University Union Ballroom
• Time: 9:00am to 11:30am
• The vendors will consist of:
  • Local Small Businesses
  • UShop Punch out Suppliers
  • Campus Suppliers

• Who is invited:
  • All University of Utah employees who have purchasing responsibilities in their departments
  • PCard holders, reallocators
  • UShop buyers and requisitioners
Conflict of Interest
Oversight of Purchasing Transactions
Audit: Utah State mismanaged conflicts with private company it created.
Utah Public Officers' and Employees' Ethics Act

67-16-1 Short title.
This chapter is known as the "Utah Public Officers' and Employees' Ethics Act."

Amended by Chapter 147, 1989 General Session

67-16-8 Participation in transaction involving business as to which public officer or employee has interest -- Exceptions.

(1) No public officer or public employee shall participate in his official capacity or receive compensation in respect to any transaction between the state or any of its agencies and any business entity as to which such public officer or public employee is also an officer, director, or employee or owns a substantial interest, unless disclosure has been made as provided under Section 67-16-7.

67-16-9 Conflict of interests prohibited.
No public officer or public employee shall have personal investments in any business entity which will create a substantial conflict between his private interests and his public duties.
Policy 1-006: Individual Financial Conflict of Interest Policy

- Investigator and Employee Disclosure Responsibilities

This policy uses disclosure as the key mechanism to bring potential financial conflicts of interest to light for evaluation and possible oversight.

- Investigators/Employees must complete the University’s COI training and submit a disclosure form prior to engaging in:
  - Research
  - Scholarly Activity
  - Human Subjects Research
  - Intellectual Property
  - Procurement (Business Transactions)
Training and Disclosures must be completed in the Business Relationship Reporting system

https://faculty.utah.edu/brr/s/

BRR also can be accessed on the COI Office’s homepage:

coi.utah.edu
Current COI process relies on the honor system
Future COI Oversight of Purchasing Transactions

- All listed Approvers will be required to provide a financial disclosure before engaging in a transaction.

- COI Office/Committee will review potential conflicts of interest prior to final approval of purchasing transactions.
COI Office Contacts

• Conflict of Interest Office (coi.utah.edu)
  • Email: coi@hsc.utah.edu
  • Phone: (801) 587-3232

• Marc Rinehart, Director
  • Marc.Rinehart@utah.edu
  • (801) 585-9258

• Emily Ostrander, Sr. Research Analyst
  • Emily.ostrander@utah.edu
  • (801) 581-4603
Questions?

How can I get this PowerPoint?

http://fbs.admin.utah.edu/purchasing/