

Procurement 102

CSUEB Procurement Team:

- Thomas Ballinger
- Diego Campos
- Chris Lam-Vazquez
- Jon Medwin
- Bhavesh Patel

Objectives

- Raise awareness and understanding in procurement, contract standards, policies and procedures
- Maintain integrity of procurement and contracting process
- Understanding responsibilities of both the department and the Procurement staff during a procurement process

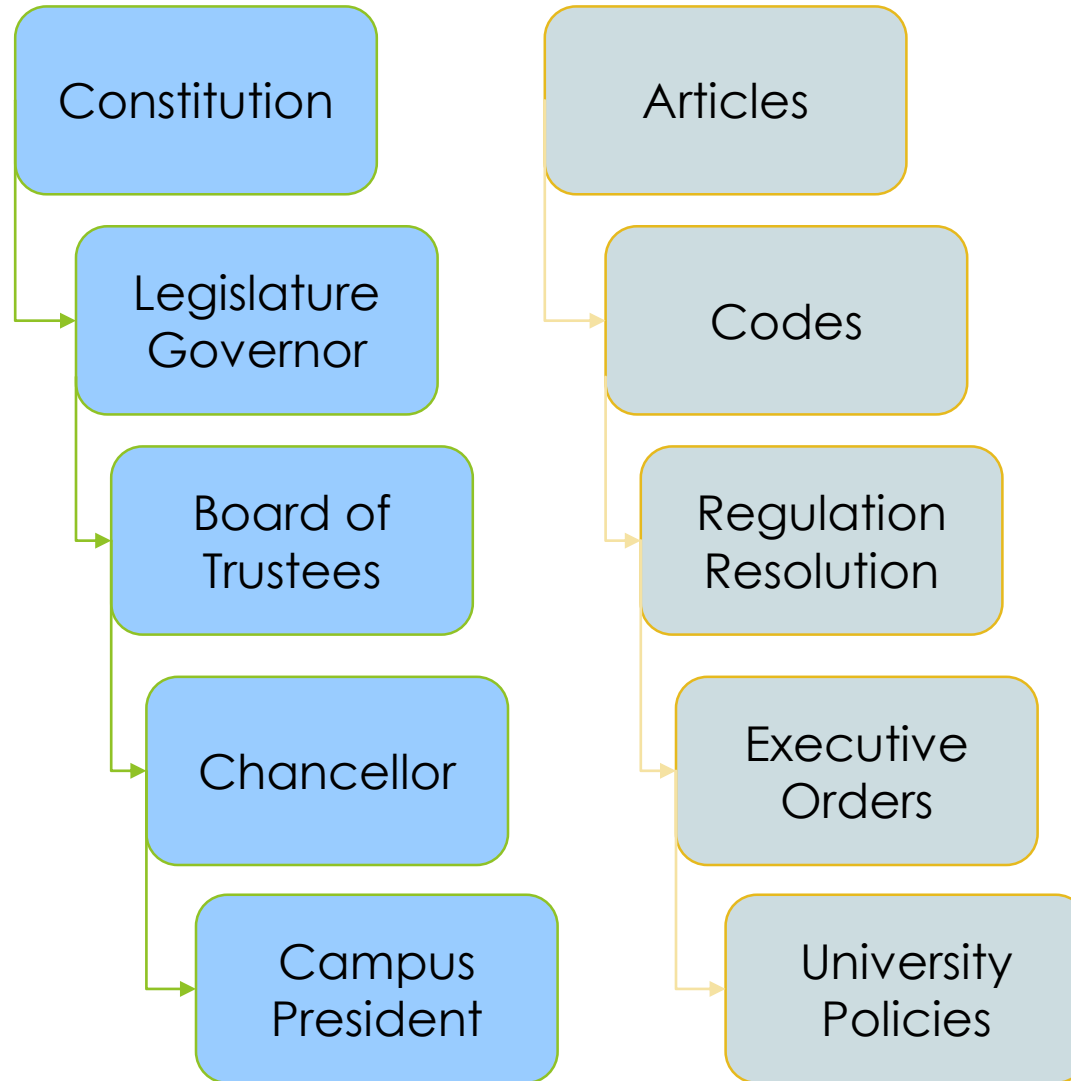
Agenda

- Overview
- Delegation of Authority
- Risk Mitigation and Insurance
- “Wheeling and Dealing”
- Software Agreements
- Blanket Purchase Orders
- P-Card
- Managing Purchase Order Encumbrances
- Asset Management

What is Delegation of Authority ?

- **Delegation of Authority** is an organizational process wherein, the manager divides work among subordinates and give them the responsibility to accomplish the respective tasks.
- Along with the responsibility, the manager also shares the authority, i.e., the power to make decisions by subordinates, such that responsibilities can be completed efficiently.

How is Delegation of Authority Issued



Who Has Delegation of Authority?

Authority to sign purchase orders, contracts, and interagency agreements are delegated by the Chancellor of the CSU to the Campus President in writing. The President can delegate authority for Procurement transactions to

- Vice President of Administration & Finance
- Procurement Director & Procurement Staff

Departments Are Not Authorized To:

- Make a purchase or contract for a service without an approved purchase order
- Sign any contractual agreement, i.e., license agreement, MOUs, CSU Agreement
- Pick up merchandise without an approved CSUEB issued purchase order, or advanced authorized use of a P-Card
- Use P-Cards as a payment vehicle for received invoices and/or previously received equipment, supplies, or services.
- Use P-Cards to purchase prohibited items that are listed in the P-Card Policy
- Use Personal Credit Cards for University funded purchases, including for auxiliaries. This could jeopardize a reimbursement.

Insurance & Risk Mitigation

- What is Risk Management?
- Why is it important?
- What kind of risk do we face?
- How do we assess risk?
- How do we mitigate risk?



Insurance & Risk Mitigation

Procurement and the Requesting Department identifies risk factors associated with each procurement, analyze the probability of the risk occurring and consider the potential liability and impacts.



Insurance & Risk Mitigation

- Risk Mitigation is a process of identification and analysis of risk.
- The decision to either accept or mitigate risk is compared to the impact on the achievement of the organization's objectives, as well as achieving financial objectives.
- Risk Mitigation is a shared responsibility. This can be achieved through insurance and other tools.

Insurance & Risk Mitigation

- Risks can be external and internal, as well as strategic and operational. It is important to identify where these risks are, as identified from both Requestor and Procurement Staff.



Insurance & Risk Mitigation

- Strategic Risk Defined as risks that need to be considered in relation to medium and long-term goals and objectives of the organization. They include:
 - Political
 - Economic
 - Social
 - Technological

Insurance & Risk Mitigation

Types of Insurance:

- General Liability
- Automobile
- Errors & Omissions
- Workman's Compensation

Bonds & Risk Mitigation

- Another type of Risk Management Tools are bonds. This issue will be addressed by the Procurement Department and is largely aimed, but not entirely limited to construction projects.
- Types of Bonds:
 - Bid Bonds
 - Performance Bonds
 - Payment Bonds
 - Other mitigation tools

“Wheeling & Dealing”

What is a Confirming Order?

- A “confirming order” is a pre-negotiated order for service for a commodity placed by an unauthorized department and individual outside of the Procurement Department. P-Card orders placed at the time of the order are excluded.
- No negotiations should occur without a member of the Procurement Office participating.
- No agreements should be signed by individual departments. This could put the University and the individual at risk.

Problems with Confirming Orders

- Pre-negotiated orders that are followed by submitting a requisition obligate the University to pay, and circumvent the Procurement Department and its policies
- Limits the role, benefit, and added-value of the Procurement Department. .
- Places the Department or individual at risk.
- Increases the liability of the University
- Eliminates collaboration and optimal benefits to the Campus.

Software Purchases

- All software related purchases including renewals of existing software must be made by the Procurement Office unless the Director of Procurement grants approval to acquire/purchase another way.
- Never sign anything without the approval of Procurement. If a vendor asks you to sign anything forward it to Procurement immediately for review.
- Make sure that an ICT has been submitted with an affirmative recommendation received, prior to the creation of a requisition,

The “NOs” of Software Acquisitions

- No Purchase for Money
- No Zero Dollar Purchases
- No Gifts of Software
- No Free Trials
- No P-Card Purchases
- No Reimbursements
- No Purchases Through a Vendor Website (click-through) or APP

ICT REVIEW

- Before any software agreement can be signed or renewed the software must complete the ICT review process which reviews for Accessibility and Information Security
- When the review is complete, an ICT Number will be issued
- Requests for review can be submitted to IT via <https://www.csueastbay.edu/ict/index.html>

What is a Blanket Purchase Order

- A purchase order for recurring purchases for a set period.
- A purchase order used for simplifying the procurement process that promote efficiencies
 - Allows for multiple releases
 - Allows for payment of multiple invoices
- Dollar amount should represent estimated annual needs.
- If the dollar amount on the PO is exhausted, a change order to add funds must be completed prior to any additional purchase, to avoid exceeding the value of the BPO.

WHEN SHOULD A BPO BE USED?

- For ordering in bulk. This may entitle the requesting department to volume discounts.
- When specified quantities of the same goods or services are required throughout a set duration.
- A single vendor can deliver throughout the length of the BPO.
- When staggering deliveries would minimize stock risks and lower costs through an overall volume discount.

When not to use a Blanket Purchase Order

- When price is not known at the time of the Procurement.
- When price is subject to change without notice.
- When quality of product/service is questionable.

Managing Purchase Orders



- ▶ Managing encumbrances is an important piece of fiscal responsibility
- ▶ Open encumbrances take away from a department's ability to purchase or spend in other areas
- ▶ Open purchase orders should be reviewed at least monthly.
- ▶ Purchase Orders that have balances on them, but that will not be used for the remainder of the fiscal year should have the remaining encumbrances removed and the purchase order closed out
- ▶ Departments should NOT wait until year to start this process, but should be conducted on a monthly basis
- ▶ Departments are to communicate with the Procurement Office in terms of requesting which Purchase Orders are to be closed out throughout the fiscal year.

Thank You