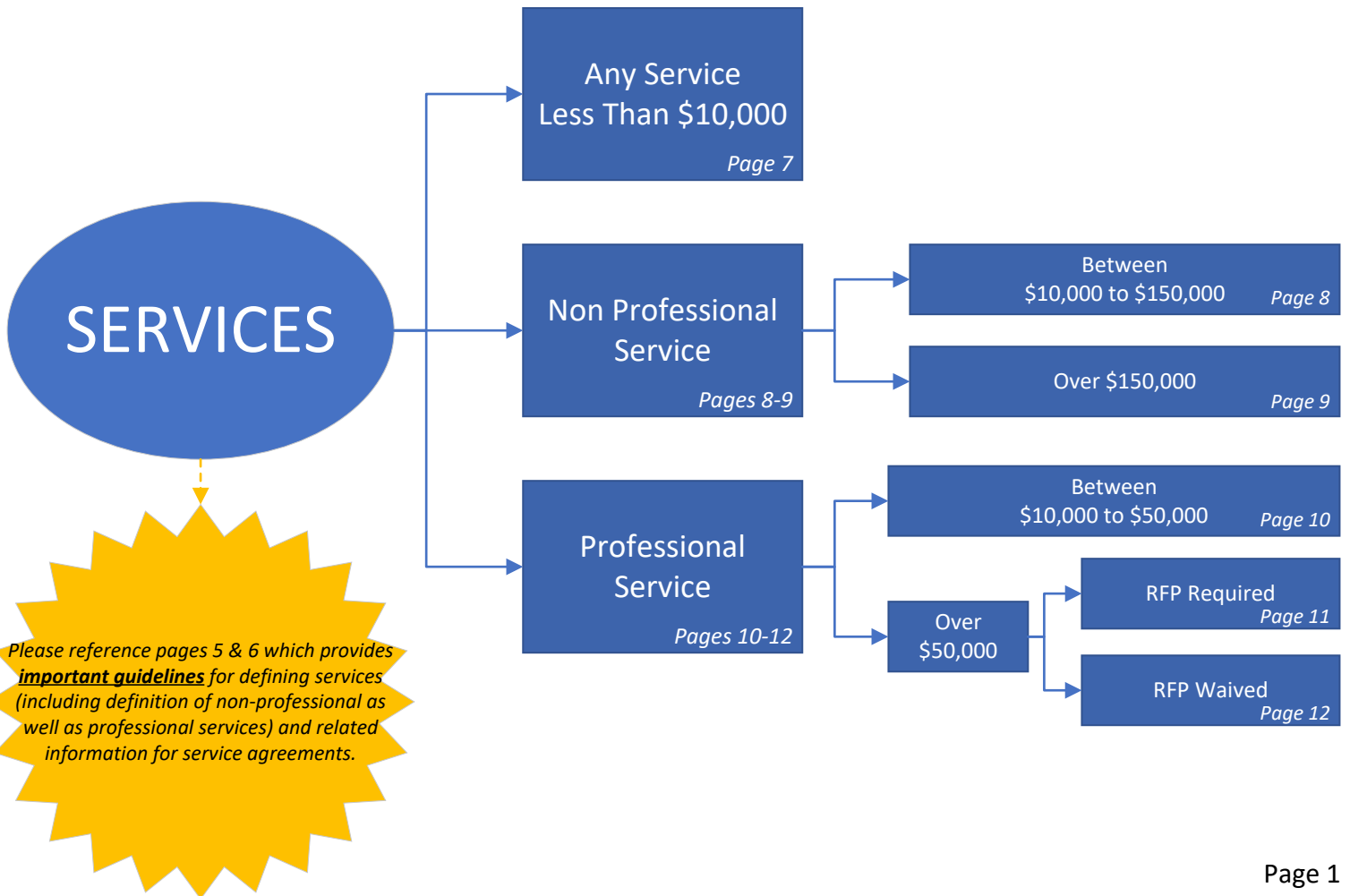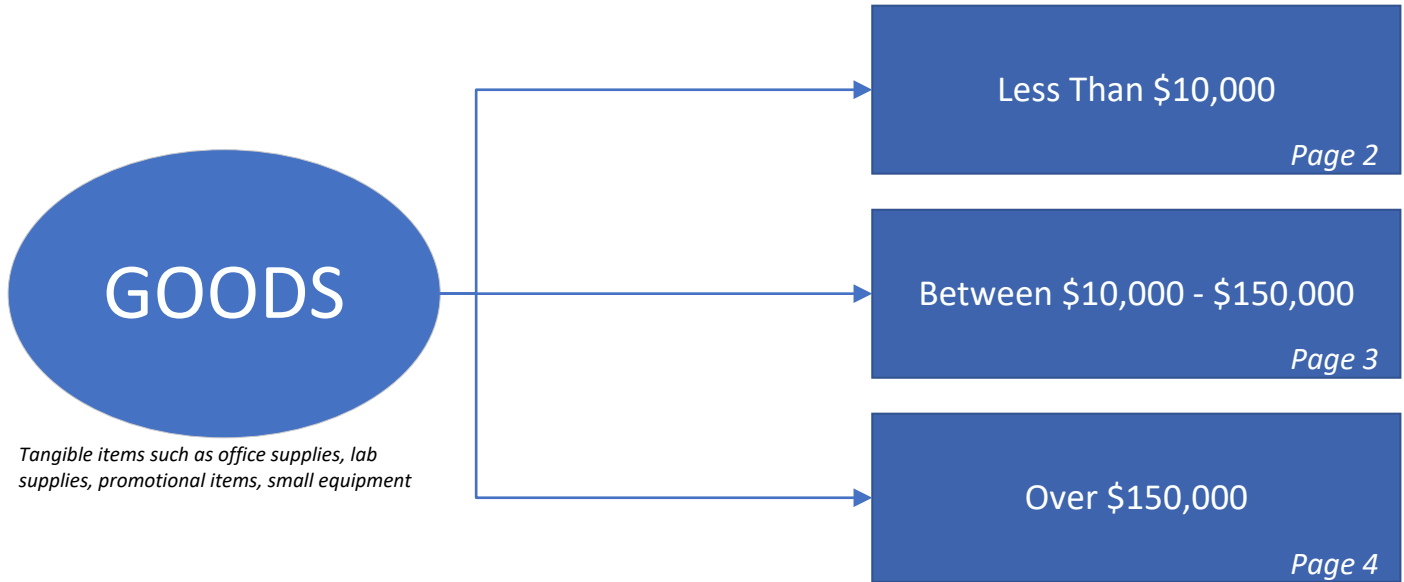**FERRIS STATE UNIVERSITY**
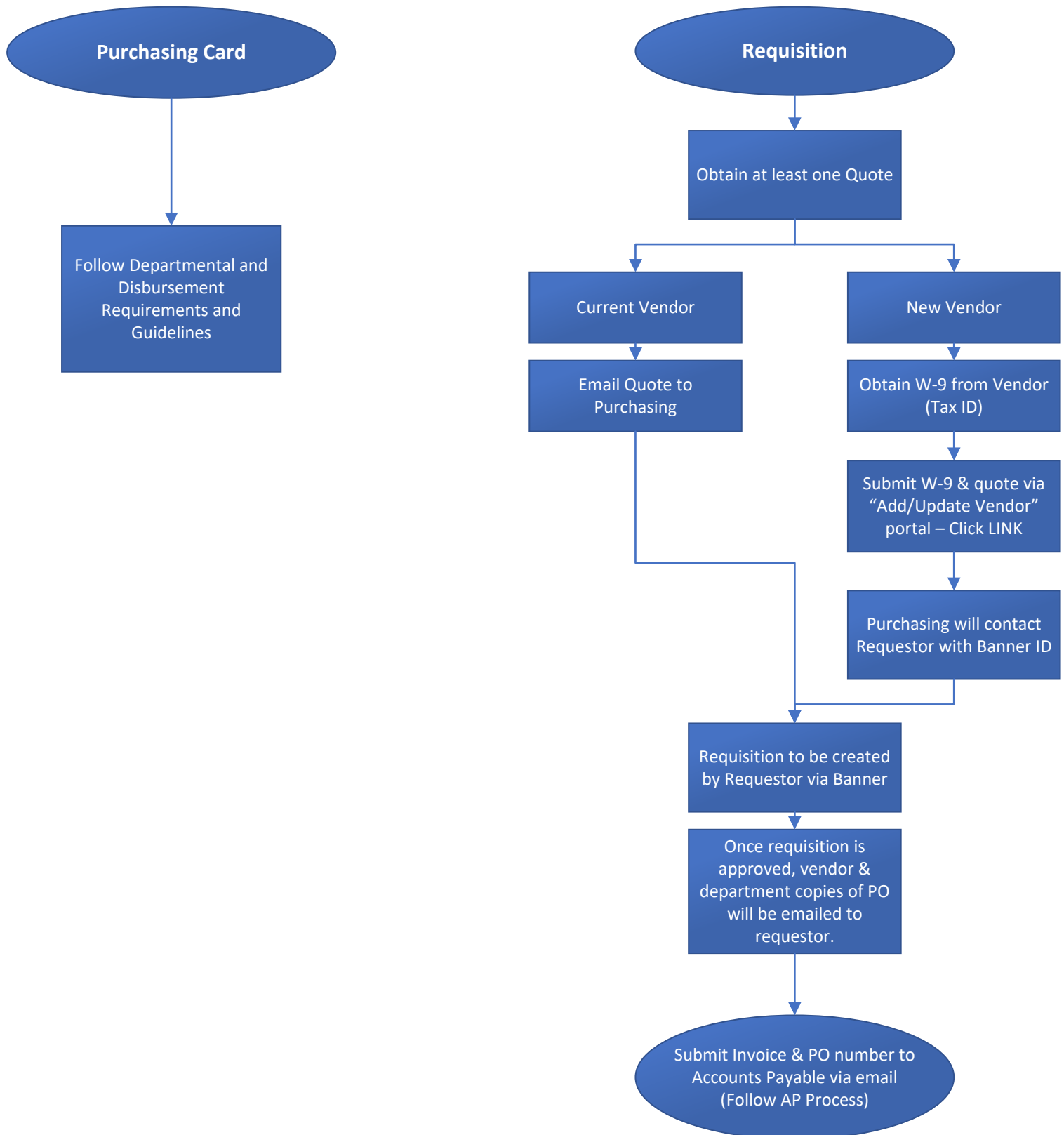PURCHASING OFFICE

OVERVIEW OF PURCHASING FLOW CHARTS

This document provides step-by-step instructions when purchasing goods or services for the University. This first page gives an overview to identify which chart/page to follow based on the type of product being purchased and the corresponding total purchase amount of the contract or transaction.

GOODS

Tangible items such as office supplies, lab supplies, promotional items, small equipment

- Less Than $10,000 — *Page 2*
- Between $10,000 - $150,000 — *Page 3*
- Over $150,000 — *Page 4*

SERVICES

*Please reference pages 5 & 6 which provides **important guidelines** for defining services (including definition of non-professional as well as professional services) and related information for service agreements.*

- Any Service Less Than $10,000 — *Page 7*
- Non Professional Service — *Pages 8-9*
  - Between $10,000 to $150,000 — *Page 8*
  - Over $150,000 — *Page 9*
- Professional Service — *Pages 10-12*
  - Between $10,000 to $50,000 — *Page 10*
  - Over $50,000
    - RFP Required — *Page 11*
    - RFP Waived — *Page 12*

PURCHASES FOR GOODS: Less Than $10,000

(Tangible items such as office supplies, lab supplies, promotional items, small equipment)

Note: FSU participates in various Group Purchasing Organizations (GPO) to leverage scale with other public entities to take advantage of lower prices. Contact Purchasing for potential consortium vendors to exercise these options.

Purchasing Card

Follow Departmental and Disbursement Requirements and Guidelines

Requisition

Obtain at least one Quote

Current Vendor

Email Quote to Purchasing

New Vendor

Obtain W-9 from Vendor (Tax ID)

Submit W-9 & quote via "Add/Update Vendor" portal – Click LINK

Purchasing will contact Requestor with Banner ID

Requisition to be created by Requestor via Banner

Once requisition is approved, vendor & department copies of PO will be emailed to requestor.

Submit Invoice & PO number to Accounts Payable via email (Follow AP Process)

PURCHASES FOR GOODS: Between $10,000 - $150,000

(Tangible items such as office supplies, lab supplies, promotional items, equipment)
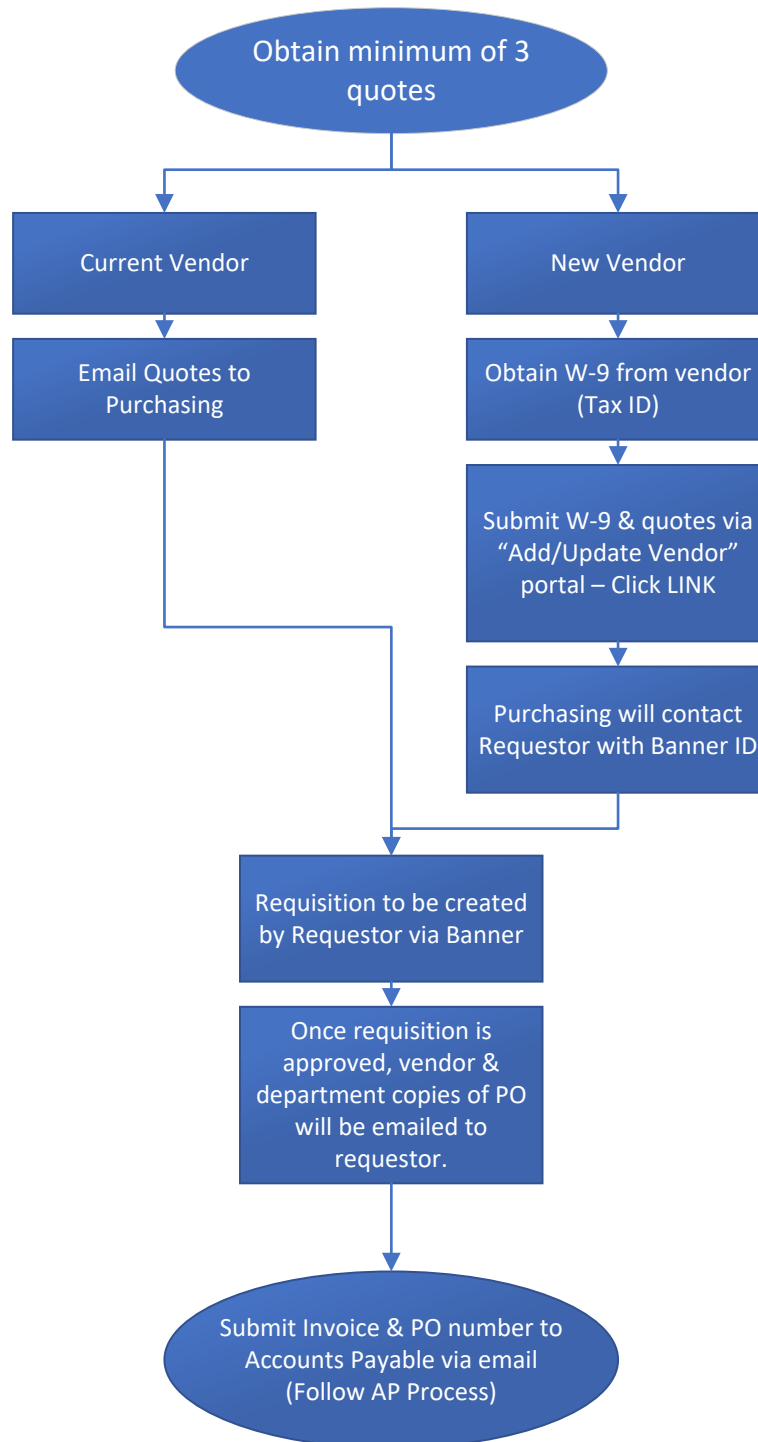
Note: FSU participates in various Group Purchasing Organizations (GPO) to leverage scale with other public entities to take advantage of lower prices. Contact Purchasing for potential consortium vendors to exercise these options.

```
                    ┌─────────────────────────┐
                    │   Obtain minimum of 3   │
                    │         quotes          │
                    └─────────────────────────┘
                         │                │
            ┌────────────────┐        ┌────────────────┐
            │ Current Vendor │        │   New Vendor   │
            └────────────────┘        └────────────────┘
                    │                        │
            ┌────────────────┐    ┌──────────────────────┐
            │ Email Quotes to│    │ Obtain W-9 from vendor│
            │   Purchasing   │    │      (Tax ID)         │
            └────────────────┘    └──────────────────────┘
                                           │
                                 ┌──────────────────────┐
                                 │ Submit W-9 & quotes via│
                                 │  "Add/Update Vendor"  │
                                 │  portal – Click LINK  │
                                 └──────────────────────┘
                                           │
                                 ┌──────────────────────┐
                                 │ Purchasing will contact│
                                 │ Requestor with Banner ID│
                                 └──────────────────────┘

                    ┌─────────────────────────┐
                    │ Requisition to be created│
                    │  by Requestor via Banner │
                    └─────────────────────────┘
                                 │
                    ┌─────────────────────────┐
                    │  Once requisition is    │
                    │  approved, vendor &     │
                    │ department copies of PO │
                    │  will be emailed to     │
                    │      requestor.         │
                    └─────────────────────────┘
                                 │
                    ┌─────────────────────────┐
                    │ Submit Invoice & PO number to│
                    │ Accounts Payable via email│
                    │   (Follow AP Process)   │
                    └─────────────────────────┘
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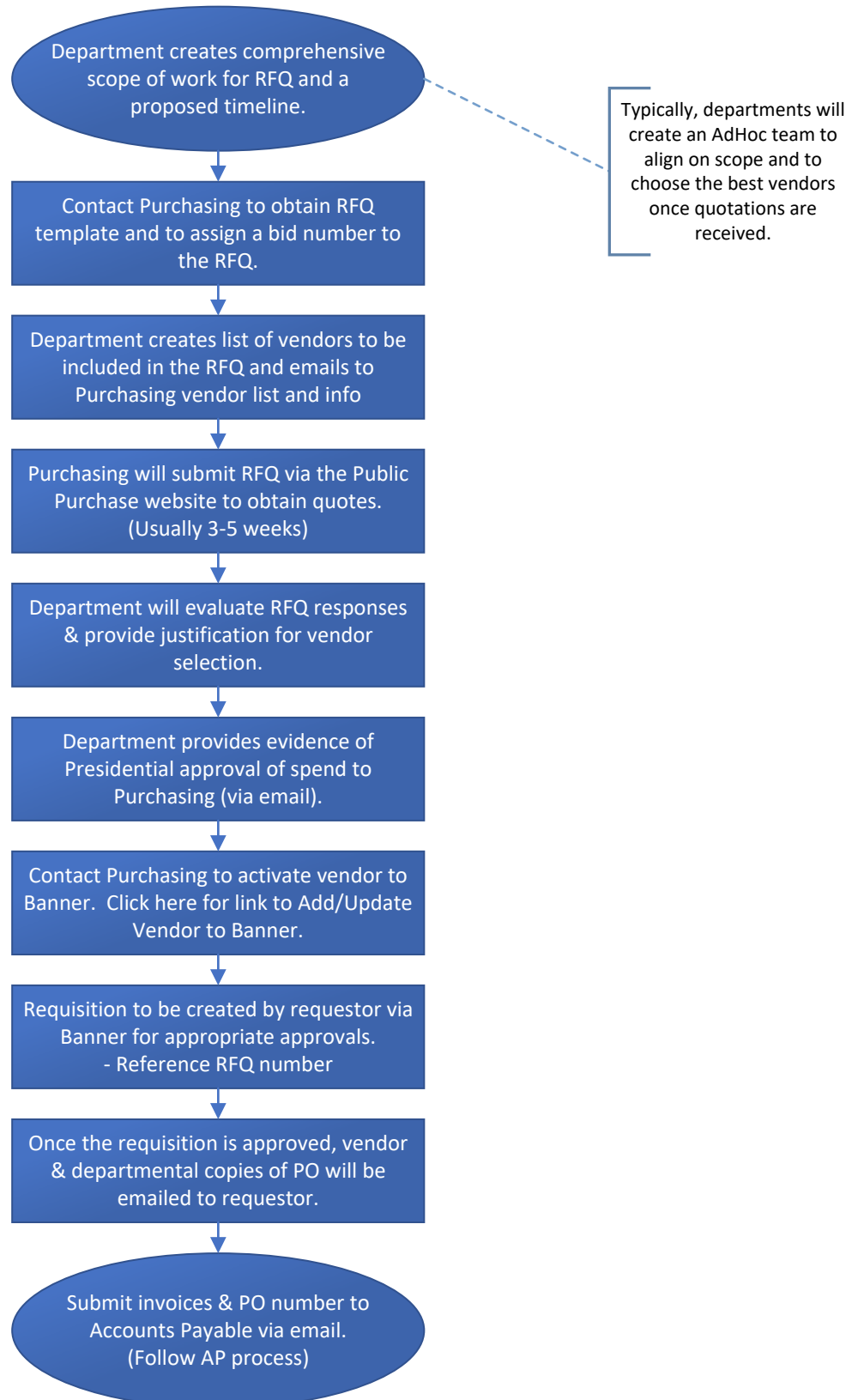
If three quotes are not possible, a Sole Source Approval Request can be submitted for consideration based on circumstances. This is to be utilized in exceptional cases. Please use the form for Sole Source Approval (click here for link – also found on the Purchasing website) to provide justification. Please feel free to contact Purchasing prior to completing the Sole Source Approval form to answer any questions or discuss options. Once completed & signed, submit via email to your Purchasing representative for approval by the Purchasing Officer.

PURCHASES FOR GOODS: Over $150,000

(Tangible items such as office supplies, lab supplies, promotional items, equipment)

Purchases of Goods over $150,000 require University Presidential approval and solicitation of bids through the Request For Quote (RFQ) process conducted with the Purchasing Department.

Department creates comprehensive scope of work for RFQ and a proposed timeline.

Typically, departments will create an AdHoc team to align on scope and to choose the best vendors once quotations are received.

Contact Purchasing to obtain RFQ template and to assign a bid number to the RFQ.

Department creates list of vendors to be included in the RFQ and emails to Purchasing vendor list and info

Purchasing will submit RFQ via the Public Purchase website to obtain quotes. (Usually 3-5 weeks)

Department will evaluate RFQ responses & provide justification for vendor selection.

Department provides evidence of Presidential approval of spend to Purchasing (via email).

Contact Purchasing to activate vendor to Banner. Click here for link to Add/Update Vendor to Banner.

Requisition to be created by requestor via Banner for appropriate approvals. - Reference RFQ number

Once the requisition is approved, vendor & departmental copies of PO will be emailed to requestor.

Submit invoices & PO number to Accounts Payable via email. (Follow AP process)

SERVICE AGREEMENT GUIDELINES
NON-PROFESSIONAL AND PROFESSIONAL

To help distinguish between Goods from Services, Services have characteristics including:
1) Intangibility – something that cannot be felt/tried before paying for it
2) Variability – the quality of the service varies greatly depending on who provides
3) Perishability – it cannot be stored for later sale/use
4) Inseparability – services are produced and consumed at the same time

It is important to understand and apply the following guidelines and requirements related to all Contractual Service Agreements regardless of dollar amount. All services rendered by the University must have a contract according to Board of Trustee Purchasing Policy.

- Define the scope of work clearly so that all involved understand the work product expected and definition of successful delivery of the work. The more clear the scope is, the more successful the search, selection process, and delivery of the service will be.

- If the "supplier/vendor" is a current student or employee, contact Human Resources or Student Employment to manage next steps. Do not use these flow charts.

- If the "supplier/vendor" is a corporation, utilize the contract steps outlined in these flow charts.

- If the "supplier/vendor" is not a student, employee, or corporation, please complete the ICDC form (Click Link) to determine the independent contractor relationship. Purchasing will review the ICDC form and guide needed next steps.

- ALL services REQUIRE a contract/agreement.

- Review, understand, and apply the proper insurance requirements for the scope of work being contracted. This information is available from the Risk Management Office (LINK) . Based on these insurance requirements, include the proper insurance certificates with the contract to Purchasing. These are required to advance the contract.

- All contracts involve certain risks to the department & University. It is in your best interest to fully understand those risks. According to Business Policy – Contract Policy 2019:13, all contracts over $100,000 must be reviewed by Legal prior to submission for signing by the VP of Admin/Finance. Please refer to General Counsel's suggestions and recommendations. Click here for LINK to General Counsel's contract page.

- Determine steps required for Divisional & Board approval. Refer to Business Purchasing Policy Section X. Click here for link.

- If three quotes are not possible, a Sole Source Approval Request can be submitted for consideration based on circumstances. This is to be utilized in exceptional cases. Please use the form for Sole Source Approval (click here for link – also found on the Purchasing website) to provide justification. Please feel free to contact Purchasing prior to completing the Sole Source Approval form to answer any questions or discuss options. Once completed & signed, submit via email to your Purchasing representative for approval by the Purchasing Officer.

DEFINTIONS & GUIDELINES OF WHAT CONSTITUTES A <u>PROFESSIONAL</u> SERVICE

According to Board Policy, there is a difference between Professional and Non-Professional Services. They each require a different level of approvals, which are noted in these flow charts. Professional service contracts over $50,000 require Board approval. Non-Professional Services over $150,000 require Presidential approval. This page provides some characteristics to help distinguish between Professional Services versus Non-Professional Services to help guide which process to follow.

<u>Some of the Attributes of a Professional Service</u>

- Unique & Specific Scope of Work
- Infrequent Function
- Advisory and/or Consulting Role
- Involved Interaction – Significant University Involvement and Interaction with the Vendor
- End Result/End-Product tends to be Complex
- Subjective Nature of Results

Examples of Non-Professional Services

- Skilled Trade Services
- Laundering Services
- Catering
- Custodial
- Musicians & Performers
- Software Maintenance/Support
- Software Subscriptions
- Software Licenses

Examples of Professional Services

- Consultants/Advisors
- Marketing
- Banking
- Medical
- Software Development
- Grant Consultants/Writers
- Accounting
- Actuarial Activities
- Legal
- Professional Engineering
- Design Services
- Management Services
- Speakers
- Training/Workshop Coordinators

__Note about Software:__
*Software licenses, subscriptions, maintenance, and support are all considered **Non-Professional Services**. According to Purchasing Policy, Non-Professional Services over $150,000 require Presidential approval. They do not require Board Approval. Non-Professional Services under $150,000 require departmental approval (based on what their budget allocates). If a contract needs to be signed, the Delegation of Contract Signing Authority policy will guide the role that has the authority to sign. It is the discretion of the Vice President of Administration and Finance if certain software applications require Board of Trustee approvals based on the impact to and bearing upon the University (e.g. Ellucian, Adobe, Microsoft).*

PURCHASES FOR ANY SERVICE: Less Than $10,000

Identify type of Contract & Related Form (from two options below)

Three quotes are not necessary but are recommended.

FSU Templates (Preferred)
- Independent Contractor Agreement (click this link)
- Vendor Agreement (click this link)

Enter scope/contract attributes into form.

Department determines the proper signing authority based on FSU contracting authority list (click this link) granted by the Board.

Obtain required FSU signatures as well as the vendor's.

If VP of Admin/Finance signature is required, email contract to Purchasing to obtain signature. Purchasing will send back to requesting dept.

If fully executed at divisional level, forward copy to Purchasing.

Vendor Authored Agreement
These are Agreements created by vendors

All vendor created agreements require VP Admin/Finance approval & signature. Email contract to Purchasing to obtain VPAF signature.

Ask yourself - Should the agreement be reviewed by Legal based on risk?

A&F/Legal/Purchasing will determine if additional info is needed or changes are needed to the contract.

If changes are required on the contract, Purchasing will forward changes to requestor.

Once contract has been signed by VPAF, Purchasing will send to requesting dept. to obtain vendor signature.

Department emails copy of fully signed & executed agreement to Purchasing for recording. Dept. keeps original.

Vendor/Requisition Processing

Current Vendor

Ensure Certificate of Insurance is up to date

New Vendor

Obtain W-9 (Tax ID) from vendor and proper Certificates of Insurance

Submit W-9 via "Add/Update Vendor" portal (Click link here)

Purchasing will contact Requestor with Banner ID

Requisition to be created by Requestor via Banner

Once requisition is approved, vendor & department copies of PO will be emailed to requestor.

Submit Invoice & PO number to Accounts Payable via email (Follow AP Process)

PURCHASES FOR NON-PROFESSIONAL CONTRACTUAL SERVICES: $10,000 - $150,000

Departments to obtain 3 quotes/proposals of services to be rendered.

[Purchasing will support Request for Proposal (RFP) submissions]

Identify type of Contract & Related Form
(from two options below)

FSU Templates (Preferred)
- Independent Contractor Agreement (click this link)
- Vendor Agreement (click this link)
Enter scope/contract attributes into form.

Determine the proper signing authority based on FSU contracting authority list (click this link) granted by the Board.

Obtain required FSU signatures as well as the vendor's.

If VP of Admin/Finance signature is required, email contract to Purchasing to obtain signature. Purchasing will send back to requesting dept.

If fully executed at divisional level (with all required signatures), forward copy to Purchasing.

Vendor Authored Agreement
These are Agreements created by vendors

All vendor supplied agreements (authored by supplier) require VP Admin/Fin. approval & signature.

All agreements over $100,000 (Contr. Policy 2019:13) need to be reviewed by Legal before submitting for signature by VP A/F. Email contract to Purchasing to obtain VPAF signature.

A&F/Legal/Purchasing will determine if additional info is needed or changes are required to the contract.

If changes are required on the contract, Purchasing or Legal will forward changes to requestor.

Once contract has been signed by VPAF, Purchasing will send to requesting dept. to obtain vendor signature.

Department emails copy of fully signed & executed agreement to Purchasing to add to records. Dept. keeps original.

Vendor/Requisition Processing

Current Vendor

Ensure Certificate of Insurance is up to date

New Vendor

Obtain W-9 (Tax ID) from vendor and proper Certificates of Insurance

Submit W-9 & quotes via "Add/Update Vendor" portal
(Click link here)

Purchasing will contact requesting department with Banner ID

Requisition to be created by Requestor via Banner

Once requisition is fully approved, vendor & department copies of PO will be emailed to requestor.

Submit Invoice & PO number to Accounts Payable via email
(Follow AP Process)

PURCHASES FOR NON-PROFESSIONAL CONTRACTUAL SERVICES: Over $150,000

Purchases of Non-Professional Services over $150,000 require Presidential approval & solicitation of bids through the Request For Proposal (RFP) process conducted through the Purchasing Department.

Department creates comprehensive scope of work for RFP and a proposed timeline.

Typically, departments will create an AdHoc team to align on scope and to choose the best vendor once proposals are reviewed and assessed.

Contact Purchasing to obtain RFP template & to assign a bid number to the RFP.

Dept. creates list of vendors to be included in the RFP and emails information to Purchasing.

Purchasing will submit RFP via the Public Purchase website to obtain proposals. Requesting department is actively involved in the RFP process. (Usually 3-5 weeks)

Department will evaluate RFP responses & provide justification for vendor selection.

Department provides evidence of Presidential approval to Purchasing (via email).

All agreements over $100,000 (Business Policy 2019:13 [for Contracting]) must be reviewed by Legal before submitting for signature by VP of A/F. Legal will provide an opinion of risks & suggested remedies. Dept. will need to decide how to accept potential risks and/or needed contract changes.

Email contract to Purchasing to obtain VP AF signature. VP AF/Legal/Purchasing will determine if additional info is needed or changes are required to the contract. If changes are needed, Purchasing will inform requesting department to resolve.

Once VP AF has signed the contract, Purchasing will forward signed copy to the requesting department. The department will forward to vendor to obtain vendor signature.

Department emails copy of fully signed & executed agreement to Purchasing for recording. Requesting Department keeps original.

Current Vendor

New Vendor

Ensure Certificate of Insurance is up to date

Purchasing will work w/ Requestor for Banner ID and obtain W9, Insurance, Cert of Ins., and Add/Update portal info

Requisition to be created by Requestor via Banner (Reference RFP#)

Once requisition is approved, vendor & department copies of PO will be emailed to requestor.

Submit Invoice & PO number to Accounts Payable via email (Follow AP Process)

PURCHASES FOR PROFESSIONAL SERVICES: Less Than $50,000

Best Practice is to obtain at least 3 quotes or conduct on Request for Proposal. Identify type of Contract & Related Form

FSU Templates (Preferred)
- Independent Contractor Agreement (click this link)
- Vendor Agreement (click this link)
Enter scope/contract attributes into form.

Vendor Authored Agreement
These are Agreements created by vendors

Department determines the proper signing authority based on FSU contracting authority list (click this link) granted by the Board.

Ask yourself - Should the agreement be reviewed by Legal based on risk?

All vendor supplied agreements (authored by supplier) require VP Admin/Fin. approval & signature.

Obtain required FSU signatures as well as the supplier's.

Email contract to Purchasing to obtain VPAF signature. VP AF & Purchasing will determine if additional info is needed or changes are required to the contract. If changes are needed, Purchasing will inform requesting department to resolve.

If VP of Admin/Finance signature is required, email contract to Purchasing to obtain signature. Purchasing will send back to requesting dept.

If fully executed at divisional level, forward copy to Purchasing.

Once VP AF has signed the contract, Purchasing will forward signed copy to the department. The department will forward to vendor to obtain vendor signature.

Department to email copy of fully signed & executed agreement to Purchasing for recording. Dept. keeps original.

Vendor/Requisition Processing

Current Vendor

New Vendor

Ensure Certificate of Insurance is up to date

Obtain W-9 (Tax ID) and proper certificates of insurance from vendor

Submit W-9 via "Add/Update Vendor" portal (Click link here)

Purchasing will contact Requestor with Banner ID

Requisition can be created by Requestor via Banner

Once requisition is approved, vendor & department copies of PO will be emailed to requestor.

Submit Invoice & PO number to Accounts Payable via email (Follow AP Process)

PURCHASES FOR PROFESSIONAL SERVICES: Greater than $50,000 (RFP Required)

All Professional Services greater than $50,000 requires Board of Trustee approval. This flow chart shows the steps when the RFP process is required – which is usually the case.

Department creates comprehensive scope of work for RFP and establishes tentative timeline.

Typically, departments will create an AdHoc team to align on scope and to choose the best vendors once quotations are received.

Contact Purchasing to obtain RFP template & to assign a bid number to the RFP.

Dept. creates list of vendors they would like to see included in RFP and emails to Purchasing.

Purchasing will submit RFP via the Public Purchase website to obtain proposals. The requesting department is actively involved in the RFP process. (Usually 3-5 weeks)

Department will evaluate RFP responses & provide justification for vendor selection.

Department provides evidence of Board approval to Purchasing (via email).

Identify type of Contract & Related Form

FSU Templates (Preferred)
- Independent Contractor Agreement (click this link)

- Vendor Agreement (click this link)
Enter scope/contract attributes on the form.

Department determines the proper signing authority based on FSU contracting authority list (click this link) granted by the Board.

Obtain required FSU signatures as well as the supplier.

If VP of Admin/Finance signature is required, email contract to Purchasing to obtain signature. Purchasing will send back to requesting dept.

If fully executed at divisional level, forward copy to Purchasing.

Vendor Authored Agreement
These are Agreements created by vendors

All agreements authored by a vendor require VP A/F approval & signature. All agreements over $100,000 (Business Policy 2019:13) need to be reviewed by Legal before submitting for VP A/F signature. Legal will provide opinions of risks & suggested remedies. The requesting department will need to decide how to accept potential risks and/or contract changes.

Email contract to Purchasing to obtain VPAF signature. VPAF & Purchasing will determine if additional info is needed or changes are required to the contract. If changes are needed, Purchasing will inform requesting department to resolve.

Once VPAF has signed the contract, Purchasing will forward signed copy to the requesting department. The department will forward for vendor's signature.

Department to email fully signed & executed agreement to Purchasing for recording. Dept. keeps original.

Vendor/Requisition Processing

Current Vendor

Ensure Certificate of Insurance is up to date

New Vendor

Purchasing will work w/ Requestor for Banner ID and obtain W9, Insurance, Cert of Ins., and Add/Update portal info

Requisition to be created by Requestor via Banner (Reference RFP#)

Once requisition is approved, vendor & department copies of PO will be emailed to requestor.

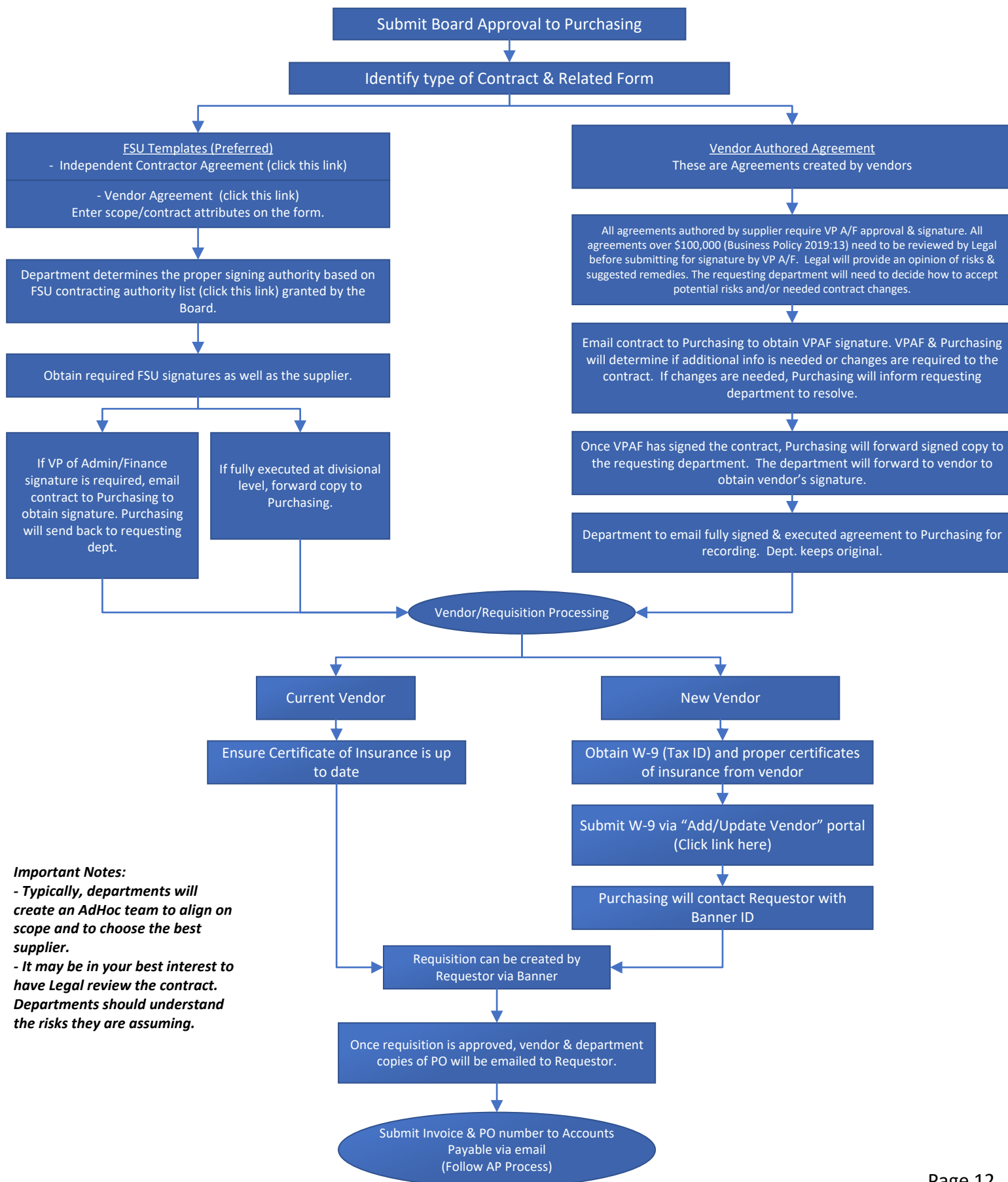Submit Invoice & PO number to Accounts Payable via email (Follow AP Process)

PURCHASES FOR PROFESSIONAL SERVICES: Greater than $50,000 (RFP Waived)

All Professional Services greater than $50,000 require Board of Trustee approval. This flow chart shows the steps **IF** the RFP process is **WAIVED** by the Board of Trustees and the VP Admin & Finance. This is **RARE** and should only be used in very unique situations.

Submit Board Approval to Purchasing

Identify type of Contract & Related Form

FSU Templates (Preferred)
- Independent Contractor Agreement (click this link)

- Vendor Agreement (click this link)
Enter scope/contract attributes on the form.

Department determines the proper signing authority based on FSU contracting authority list (click this link) granted by the Board.

Obtain required FSU signatures as well as the supplier.

If VP of Admin/Finance signature is required, email contract to Purchasing to obtain signature. Purchasing will send back to requesting dept.

If fully executed at divisional level, forward copy to Purchasing.

Vendor Authored Agreement
These are Agreements created by vendors

All agreements authored by supplier require VP A/F approval & signature. All agreements over $100,000 (Business Policy 2019:13) need to be reviewed by Legal before submitting for signature by VP A/F. Legal will provide an opinion of risks & suggested remedies. The requesting department will need to decide how to accept potential risks and/or needed contract changes.

Email contract to Purchasing to obtain VPAF signature. VPAF & Purchasing will determine if additional info is needed or changes are required to the contract. If changes are needed, Purchasing will inform requesting department to resolve.

Once VPAF has signed the contract, Purchasing will forward signed copy to the requesting department. The department will forward to vendor to obtain vendor's signature.

Department to email fully signed & executed agreement to Purchasing for recording. Dept. keeps original.

Vendor/Requisition Processing

Current Vendor

Ensure Certificate of Insurance is up to date

New Vendor

Obtain W-9 (Tax ID) and proper certificates of insurance from vendor

Submit W-9 via "Add/Update Vendor" portal (Click link here)

Purchasing will contact Requestor with Banner ID

Important Notes:
- Typically, departments will create an AdHoc team to align on scope and to choose the best supplier.
- It may be in your best interest to have Legal review the contract. Departments should understand the risks they are assuming.

Requisition can be created by Requestor via Banner

Once requisition is approved, vendor & department copies of PO will be emailed to Requestor.

Submit Invoice & PO number to Accounts Payable via email (Follow AP Process)