Understanding Procurement Policies and Procedures:
Information for Research Administration

Jim Kozich
Interim Supervisor
Research Procurement Team

July 14, 2022
Welcome & Introduction

Today’s Topics

- Introduction to Procurement at U-M
- Competitive Bid Process
- Uniform Guidance and Non-Competitive Bid Purchases (Sole Source)
- Contracting Basics
- Procurement Services Website and Resources
Introduction

- Procurement Services provides support to the Ann Arbor, Flint and Dearborn campuses and Michigan Medicine
- We are responsible for the acquisition, use and disposal of nearly $3 billion of goods and services annually
- We assist the University of Michigan (U-M) units in their purchase of a wide variety of products and services in support of educational, research, and healthcare activities
- We develop and manage university contracts and are available to assist units with all purchases regardless of the value
Introduction

- Procurement Services mitigates legal, financial, compliance, risk and liability concerns while ensuring an ethical, transparent and accountable process is adhered to when expending funds.

- Procurement has the signing authority for the university on contracts and other forms that require a signature.
  - Authority is passed down from the Regents.

- As a participant in the procurement process, Departments are accountable for all purchases you make or authorize.
Department Responsibilities

- Faculty and staff are authorized to complete transactions totaling less than $10,000.
- The Regents require that all transactions $10,000 or greater be competitively bid by Procurement Services and also be managed by Procurement Services, to ensure that prices are fair and reasonable in an open and competitive marketplace.
  ✔ If the total value of the purchase will be $10,000 or greater over a period of time, then the bidding process needs to take place.
Department Responsibilities

● As a participant in the procurement process, departments need to contact Procurement Services early in the process and be prepared to include:
  ✓ Scope of Work
  ✓ Identify potential suppliers for the product or service
  ✓ Timeline
  ✓ Evaluation Criteria

● [SPG 507.01](#) details responsibilities required of both the purchasing unit and Procurement Services
Buying Methods

Buying Methods
- Internal Service Providers
- Strategic Contracts
- M-MarketSite
- Quote To Order
- PeoplePay
- EPRO Requisition
- PCard

BUYING METHODS

Departments at the University of Michigan buy a wide variety of products and services, enabling administrative and academic units to fulfill the institution's objectives in teaching, research, and patient care. Procurement Services is responsible for helping departments complete the procurement process in the most cost-efficient and convenient way possible, while ensuring compliance with university policies and principles. Contact one of the procurement teams for assistance with your procurement needs.

The U-M Board of Regents requires that all transactions $10,000 or greater be competitively bid by Procurement Services and also be managed by Procurement Services, to ensure that

See also the Buying at U-M: Quick Start Guide
# Buying Methods

## Internal Service Providers

U-M business units that provide goods/services to other departments

*Procurement review is not necessary.*

<table>
<thead>
<tr>
<th>Strategic Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracts that are open for use by all authorized faculty and staff</td>
</tr>
<tr>
<td>Go to “Find Products &amp; Services” or shop in M-Marketsite.</td>
</tr>
</tbody>
</table>

## M-Marketsite

U-M’s online catalog ordering system where faculty and staff can place orders from many different suppliers
Buying Methods

- Quote to Order System (QTO)
  - A web-based portal designed to help U-M faculty and staff obtain estimates from multiple strategic suppliers based on available commodities currently in the QTO website:
    - ✔ Printing & Mail – March 2017
    - ✔ Website & Graphic Design – Fall 2017
    - ✔ IT Temp Staffing – 2019
# Buying Methods

<table>
<thead>
<tr>
<th><strong>eProcurement Requisition (ePro Req)</strong></th>
<th><strong>PeoplePay eProcurement Requisition</strong></th>
</tr>
</thead>
</table>
| The ePro Req is the only transaction that you complete in M-Pathways to order goods and services:  
  - Used for one-time purchases from suppliers that do not have contracts with the University  
  - Used as a “Release” off M-Pathways contracts that can be set up for you | Used to pay individuals for non-appointment-related services |

This process results in a *Purchase Order*.
Buying Methods

PCard

- The Purchasing Card (PCard) is a credit card granted to authorized U-M faculty and staff
  - ✔ Its primary use is to pay for business travel and hosting expenses, dues and subscriptions
  - ✔ It can also be used for the occasional purchase of low dollar, supply-type items if the items are not available from a University Contract
Competitive Bid Process - $10K & Over

● The Regents of the University of Michigan established a policy that all goods and services valued equal to or over $10,000 must be competitively bid to ensure a fair and reasonable price in an open and competitive marketplace.

● Contact your Procurement Team or Procurement Agent early in the purchasing process.

● Provide the Procurement Agent with detailed information about your requirements for the transaction.

● Allow the Procurement Agent sufficient time to research potential suppliers, review and clarify your department’s requirements, and prepare the bid documents.
Competitive Bid Process - $10K & Over

- Allow sufficient time (two to four weeks on average) for the suppliers to respond to a bid request
- Departments will be asked to assist with the evaluation and supplier selection process
- Departments will manage the relationship after the award to the supplier
Types of Competitive Bidding

- Differences in sourcing events are based on the level of readiness to buy
- RFI (Request for Information) (Educate) - Survey the marketplace to help understand available options
- RFP (Request for Proposal) (Compare) – Know what is needed and want suppliers to propose solutions to meet those needs
- RFQ (Request for Quotation) (Quantify) – Know exactly what is needed and want to understand pricing, warranties, timelines, etc.
Competitive Bid Timeline Impacts

- Project team availability
- Scope
- Supplier response
- Evaluation criteria
- Terms and Conditions
A non-competitive purchase is defined as any purchase of goods or services which has not been subject to an open solicitation for pricing from multiple suppliers or has not been subject to evaluation by Procurement Services to determine best value for the university.

A Non-Competitive Purchase Award is only allowed under exceptional and limited circumstances.
Non-Competitive Bid Purchases

- Procurement Services can determine whether a purchase must be competitively bid or qualifies to be exempt from the competitive bid process.
- The department requesting a non-competitive purchase must complete:
  - ✔ Sole Source Justification Form (380.15-01)
  - ✔ The department must demonstrate that the non-competitive purchase is in the best interest of the University by answering the questions on the form.
  - ✔ Completion of the form does not guarantee the approval of the procurement request.
  - ✔ The purchase is reported to the Regents.
A Note on the Term Sole Source Justification

Use of the Term in the eResearch System

- In the **Enter a Subcontract** section of the eResearch Proposal Management system (eRPM), there is a field called “Sole Source Justification.”

- This field is used to describe why a proposed site or subcontractor is uniquely qualified to carry out the work for a sponsored project.

- It is not the same as the Procurement Services Sole Source Justification form used for purchases that cannot be competitively bid.
New Policy on Federal Awards

U-M is no longer permitted to approve sole source purchases when the good or service is simply listed in approved award documentation.

Sole source purchases are allowed only when one or more of the following circumstances apply:

- The item is available only from a single source
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation
- The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity
- After solicitation of a number of sources, competition is determined inadequate
Federal Awards

New Policy on Federal Awards

The Uniform Guidance requires publicizing bids exceeding the Federal Simplified Acquisition Threshold ($250,000 or greater, beginning October 1, 2018) and any response must be considered to the maximum extent practical.

- Procurement Services will use “visible to the public” feature to comply
- It is estimated that under 20 RFX’s will be publicized annually
Sole Source

Source:
http://procurement.umich.edu/sites/default/files/380.15-01_sole_source_justification_form.docx

SOLE SOURCE JUSTIFICATION FORM

Department Name: ________________________________

Supplier: ________________________________

Product/Service General Description: ________________________________

Manufacturer (if applicable): ________________________________

Model (if applicable): ________________________________

Requisition Number: ________________________________

Estimated Value: ________________________________

1. Describe the intended use for this product or service:

2. Describe the unique features that make this product or service available only from this supplier:

3. Describe why these unique features are required:
Contracting Basics

Signature Authority for Contracts and Agreements

- All contracts and agreements between a supplier and the university must be reviewed by Procurement Services.
- Some contracts and agreements contain language that require legal and/or risk management review. Procurement Services will obtain the necessary approvals and ensure compliance.
- Procurement Services handles negotiations with suppliers and obtains the legally authorized signatures for all contracts and agreements.
- Signature authority belongs to Procurement Services - Faculty and staff are not authorized to sign purchasing contracts and agreements on behalf of the university.
Avoid Premature Commitments

- Cultivate a positive relationship with potential partners, but balance that against making premature commitments. Inform suppliers of the competitive bidding policy.
- Make it clear to suppliers that there are others within the university who must approve and sign any contract.
- Do not conduct independent negotiations.
- Provide Procurement Services with the performance information pertaining to the contract.

✔ If you only receive what is written in the contract, for the dollars you are spending, would you be satisfied?
Contracting Timeline Impacts

- Data classifications of moderate or above
  - UM Service Provider Security Compliance Questionnaire (UMSPSCQ)
  - Data Protection Agreement (DPA)
- Protected Health Information (PHI)
  - Business Associate Agreement (BAA)
- Non Disclosure Agreement (NDA)
- Insurance requirements
- Office of General Counsel
  - Redlines
- Treasury
  - Automated Clearing House (ACH) or Payment Card Industry (PCI) Compliance
Strategic Contracts

● Procurement Services establishes contracts through **strategic sourcing** to maximize the university’s buying power and minimize the overall cost of goods and transactional burden

● Benefits of Strategic Contracts
  ✔ Lower costs to the university and your unit
  ✔ Negotiated discount pricing available to all units
  ✔ Free or reduced cost shipping
  ✔ Electronic invoice payment processing
  ✔ *No competitive bid process required when utilizing strategic contracts*
Procurement Service Website
FISHER SCIENTIFIC

Category: Chemicals, Equipment and Apparatus, Glassware and Plasticware, Life Sciences, Reagents, Miscellaneous, Safety Supplies and Equipment,

This is a primary strategic contract for laboratory equipment, chemicals, supplies, and services for research, safety, health care, and science education. As Fisher Scientific has many green initiatives, please see the Sustainable Purchasing section to learn more and how to purchase green products, including programs directed to waste diversion.

- PURCHASING GUIDELINES
- SUSTAINABLE PURCHASING
- ORDERING INFORMATION
- SHIPPING & HANDLING
- SUPPLIER CONTACT
- PROCUREMENT CONTACTS
Procurement Service Website

MY LINC PROCUREMENT TRAINING

All U-M employees who purchase goods and services on behalf of the university must complete the following eLearning courses in MyLINC to obtain access to the transaction types in M-Pathways:

- **PRE101 Fundamentals of Procurement** is the prerequisite to all other Procurement eLearning courses.
- **PRE103 Non-PO Voucher** – used as a method of payment, primarily for reimbursements. It is not a method for ordering goods and services. Users must complete eLearning course PRE103 to obtain access to create Non-PO Voucher transactions.
- The M-Pathways eProcurement Requisition (ePro req) is used to order goods and services in M-Pathways through the purchase order process. There are three types of ePro requisitions:
  - **PRE104 Special Request ePro req** – used for one-time purchases from suppliers that do not have contracts with the University, and to create a “release” (order) against an M-Pathways contract.
  - **PRE105 M-marketsite ePro req** – used with the University’s online catalog ordering system to place orders from suppliers that have negotiated pricing.
CONTACTS

ADDRESS
Procurement Services
7071 Wolverine Tower
3003 South State Street
Ann Arbor, MI 48109-1282

HOURS
Hours of operation for the reception area are 8:00 a.m. to 5:00 p.m. Monday-Friday. Customer service is available by phone and e-mail from 8:00 a.m. to 4:30 p.m. Monday-Friday.

TELEPHONE AND FAX
Phone (734) 764-8212, prompt 2 (8:00 a.m. to 4:30 p.m.)
Fax (734) 615-6235

E-MAIL
procurement.services@umich.edu
> Procurement Solutions Team
Procurement Service Website

CONTACTS

ADDRESS
Procurement Services
7071 Wolverine Tower
3003 South State Street
Ann Arbor, MI 48109-1282

HOURS
Hours of operation for the reception area are 8:00 a.m. to 4:30 p.m. service is available by phone and e-mail from 8:00 a.m. to 5:00 p.m.

TELEPHONE AND FAX
Phone (734) 764-8212, prompt 2 (8:00 a.m. to 4:30 p.m.)
Fax (734) 615-5235

E-MAIL
procurement.services@umich.edu

E-MAIL
procurement.services@umich.edu

PROCUREMENT SERVICES AREAS

- Procurement Solutions Team
- Travel & Expense Reimbursement/PCard Group
- Research Procurement
- Facilities Procurement
- Print & Professional Services Procurement
- Technology Procurement
- General Goods & Services Procurement

© 2022 Regents of the University of Michigan
Procurement Service Website

**FORMS**

- Conflict of Interest Disclosure Form
- Disclosure Of Significant Relationships With Relevant Companies Statement Form
- PeoplePay Multiple Payment Release Form
- Procurement Services Requisition Form (Business Continuity Situations Only)
- Signature Authority Tables/Authority to Contract
- Sole Source Justification Form
- U-M Requisition for Tax-Free Alcohol Form
Procurement Services Website

http://procurement.umich.edu/

Customer Service
(734) 764-8212, option 2
procurement.services@umich.edu

Procurement Services Newsletter
To sign up, enter your email address in the footer of the Procurement Services website.

Training Resources
Thank you!

Contact the Navigate Team with questions and comments

navigate-research@umich.edu