

PROCUREMENT / ON POINT

Office of Procurement and Contracts / www.procurement.msstate.edu

Please share this issue of the Procurement & Contracts newsletter with anyone in your department who would or could consider or think about obligating the university: department heads, assistants, professors, instructors, maintenance people - just about everybody.

Authority to Obligate the University

The Office of Procurement & Contracts continues to see situations in which someone moves forward with a project that obligates the university without proper approvals. Please keep in mind that 99.93% of MSU employees do not have authority to obligate the university. If something needs to be purchased or a service provided, the department must use:

- The procurement card
- A purchase order
- A signed contract signed by someone with written authority to sign a contract

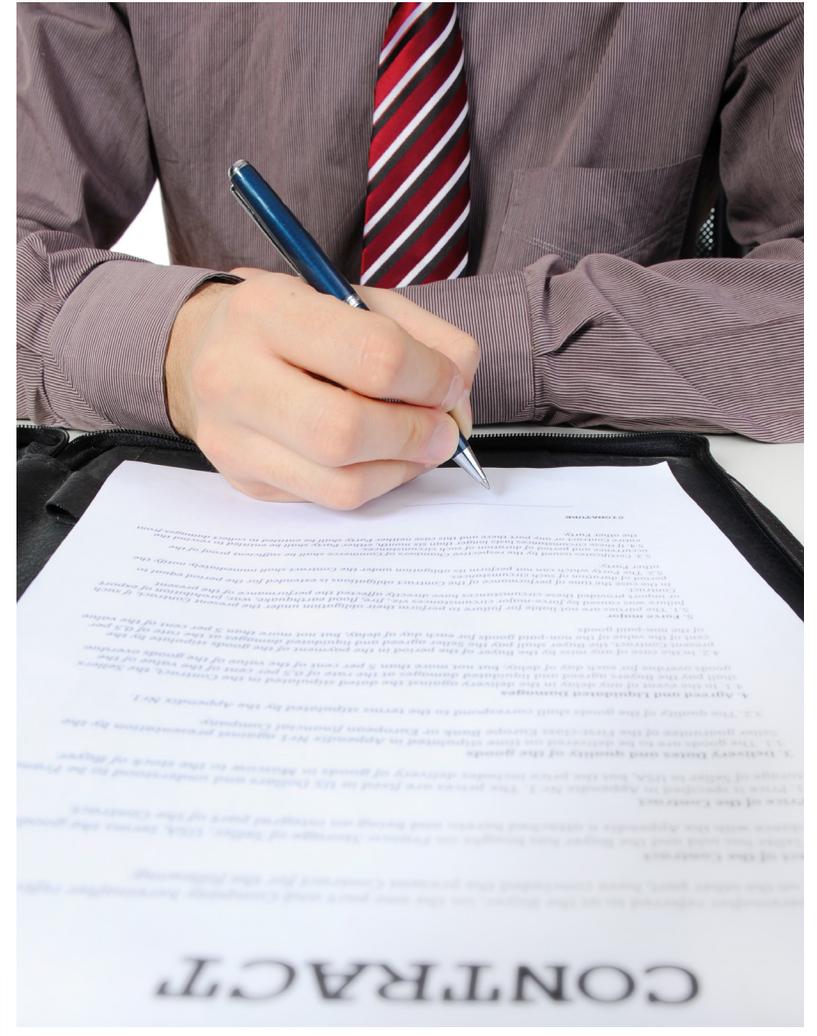
Such action must be taken prior to the event taking place or the item being obtained.

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ACCOUNTABILITY	PROFESSIONALISM
ETHICS	SERVICE
IMPARTIALITY	TRANSPARENCY

Public Procurement Values



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Contracting Process

Many have asked for a step-by-step process to get a contract approved. The following should provide some guidance.

The first step is to have the Classification checklist completed and signed by Human Resources Management. This verifies that the consultant/contractor is an independent contractor. If the contractor is not an individual, this form does not need to be completed. <http://hrm.msstate.edu/forms/classification-checklist.pdf>

Provide consultants with vendor information forms. They will complete and submit with their W-9. This will allow Procurement & Contracts to pay them. <http://www.procurement.msstate.edu/vendor/forms/vendorinfo.xls>

Once you have the Classification checklist back from HR, complete the relevant parts of the service contract. Name and address in the first paragraph, dates in the second section (you can edit this section if you need to change the wording), scope of work in section B, and payment and reimbursement terms in section C. <http://www.procurement.msstate.edu/contracts/services.docx>

If the contractor insists on using his own contract form, the same process should be used, but keep in mind the review process will take longer and there is more likelihood there will be changes required prior to approval.

Complete the Consulting/Contract Services cover sheet so Procurement & Contracts can verify

that the proper people have reviewed and approved. <http://www.procurement.msstate.edu/contracts/Consulting322.xls>

Scan the contract, HRM form (if required) and cover sheet, and send to Judy Shaw. You may :CC the purchasing agent or director, but by sending to Judy, we make sure it gets properly logged into the database. Her e-mail address is jshaw@procurement.msstate.edu.

Short Form Contract

In an attempt to reduce the amount of paper required when contracting for low-dollar services, use the Simple Form Contract for Services when the contract is less than \$1,000. The form is at: <http://www.procurement.msstate.edu/contracts/simplecontract.pdf>

Purchase Orders Being Sent Via E-mail

Departments should be aware that a growing number of vendors are electing to receive purchase orders of \$5,000 and less via e-mail. This speeds up the process and reduces the cost (printing, postage, etc.) of issuing a purchase order. In some cases, departments are asking Procurement & Contracts to fax a PO to the vendor - again, in an attempt to speed up the process. Please understand that for vendors signed up to receive purchase orders electronically, P&C will not fax the PO. For a list of vendors receiving POs via e-mail, go to <http://www.procurement.msstate.edu/procurement/requisition/vendoremail.pdf>



When Should an Item Be On Inventory?

This question is often posed to P&C's purchasing agents and others. While the staff wants to assist wherever possible, it should be noted that this decision is best made by the department in consultation with the staff of the Office of Receiving and Property Control and the applicable documents on R&PC's web site: <http://www.property.msstate.edu/>

INVENTORY?
NO? YES?
How do I know?





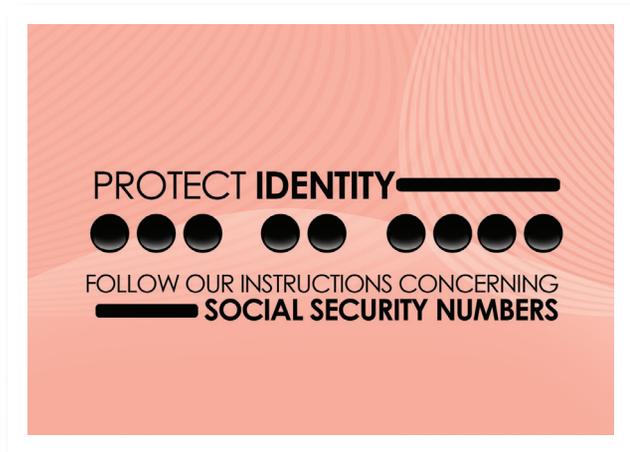
Wire Transfer Requisitions

With the increased emphasis on cutting costs, speed, efficiency, and economy, P&C is seeing more requisitions that request payment be made via an international wire transfer. This is good! Just a few quick reminders to make this process as smooth as possible:

- the requisition must be unencumbered,
- make a note on the requisition requesting that payment be made via wire transfer,
- include the appropriate bank information on the requisition.

Social Security Numbers

Please remember the use of Social Security numbers is limited to a very few situations. There are certain forms that may have the SSN on it. Consider changing the form and/or removing the SSN prior to submitting the document to other locations on campus. Examples seen include: letters from individuals, A08 form (the old version) and vendor invoices.



Sole Source and other special purchases

Sole Source, emergency and purchases of contract items from other than the contract vendor often require approval from the Office of Purchasing and Travel (OPT) in Jackson. Recently, OPT has revised some of its forms and procedures. For any request that goes to OPT, the vendor must be registered in OPT's online procurement system called WebProcure. Prior to submitting any request for these purchases, the department should contact the vendor and ask her to be sure her firm is registered in WebProcure. The website is <http://webprocure.tier.com/> and click on New Supplier Registration.

The State Purchasing Office has implemented a revised process for sole source purchases. The department will be required to complete two new forms, which are posted on the Procurement website. The first is very similar to the requisition in that it lists the specific items being purchased. The second is very similar to the previous form, but now must be in letter format and be printed on letterhead and signed by the department, as well as the Procurement & Contracts office. The forms are located at <http://www.procurement.msstate.edu/solesource.php>



Survey Finds Overall Satisfaction, Identifies Areas for Enhancement

Procurement & Contracts recently commissioned a survey to determine customer satisfaction. While the results show a general level of satisfaction, whenever there are concerns raised, we would like to address these as quickly as possible.

Meals

Recently, P&C received a question about the reimbursement of meals. The following should clear up any questions. If you still have a question, please send it to dbuffum@procurement.msstte.edu.

Meals for an individual will be reimbursed only if the individual has an overnight stay. No receipt is required. Reimbursement request should be on travel form.

Meals for an individual with no overnight stay will not be reimbursed. This is because the federal government would consider that meal a taxable benefit and we would need to include the meal on the W-2 and tax them.

If an individual is meeting with others to discuss business related to MSU, the business related meal may be purchased using the P-card or may be reimbursed. Receipts are required, as well as the food form. Reimbursement may be requested using the travel form or direct pay voucher.

“Why Do Contracts Take So Long to Get Approved?”

Without going into great detail, there are certain terms and conditions contained in most vendors' contracts, which as an entity of the State of Mississippi, we have no legal authority to approve. When our standard contract is used, our terms and conditions are already included. If the vendor requires us to use their agreement, we must review the document and most likely make changes. Often, the vendor objects to our changes, and we end up in a prolonged negotiation of the contract. I hope everyone understands that these are not MSU Procurement Office rules - this is compliance with the law. We may not agree with the law in all cases, but we still must comply.

“What Is the Best Way to Reach my Purchasing Agent?”

In many ways, the roles of Mississippi State's purchasing agents have changed. It is our belief that the purchasing agents should, whenever possible, be providing guidance and assistance to the purchasing departments on high-dollar and complex purchases. Because of this, they spend more and more time outside of the office meeting with the end users as they develop specifications, life cycle cost methods and provide other value-added activities. Thus, the purchasing agents may not always be at their desks. The best way to communicate with your purchasing agent is via e-mail. If you can submit your question(s) and applicable documentation via e-mail, the purchasing agent can review it and do the necessary research prior to responding to you. This allows you and the agent to have a clear record of all correspondence related to the specific issue. This process appears to be more efficient than leaving phone messages.

“It Takes Too Long to Get a Purchase Order”

This appears to be a multi-faceted issue. When do we start the clock on a purchase order? The department may enter the requisition one day, but it should be remembered, we are not aware of that requisition until it receives all of the departmental approvals and actually prints out here in P&C. Once it prints in P&C, if there are no problems, we should be able to turn it around in 24 hours or less. The usual culprits for slow purchase orders are:

- Person entering requisition forgets to hit “complete”
- Requisition is in a departmental queue awaiting approval
- Requisition says “hold for quotes”, we will hold until quotes received. Sometimes the department faxes or sends the quotes but, for some reason, we don’t receive them. It is best to e-mail quotes showing the requisition number and vendor name in the subject line of the e-mail. It is also best to wait until the department has the quotes/specifications/other documents in hand and submitted to P&C, before the requisition is sent. In this way the requisition can be dealt with upon receipt rather than waiting for additional documents.
- Requisition is for sole source. We must send a request to Jackson (electronically) and await their approval.
- Requisition is for equipment with “30” funds. We must send to SPA for review and approval.
- Requisition includes a quote that binds us to the vendor’s terms and conditions. We must negotiate the terms prior to issuing the PO.
- Requisition is for commodities, supplies or equipment in excess of \$50,000. We must develop specifications, advertise and solicit sealed bids. Sometimes we must revise specifications in an effort to promote competition.



Communication

We’ve been told some simple purchase orders are taking two to three weeks. In addition, there appears to be a concern about not knowing the status of a contract or requisition. Effective immediately, we will be starting a new method of making the department aware of the status. If, upon receipt of a requisition or contract, we are not able to process it within 3 days, we will send an e-mail to the individual shown on the requisition or contract advising them of the status. This may include, but is not limited to, such explanations as: “Req says hold for quotes, we will process when quotes are received” or “requires approval from OPT in Jackson” or “requires approval of SPA or NSF; please take action to make adequate funds available.”

State Contracts

There was some concern expressed about state contract prices being higher than other places. It should be pointed out that the state contract is a term contract, thus the vendor is guaranteeing a price for a period of time. It is very possible that another vendor, on a “spot” basis, may be able to beat the contract price. When looking at this issue, we need to look at all of the costs involved. With the state contract,

the product, price and vendor are chosen; the item is delivered. When purchasing from another source, someone is shopping to find a good price. What does it cost in time and effort to have end users searching the Internet or going to a local vendor to get a better deal? If there truly are situations where we can save a significant amount of money by bypassing the state contract, let us know. We will work with the office in Jackson to see if we can receive approval.



Travel Reimbursements: Change in Processing Practice

During the month of December, the volume of requests for travel reimbursements increased tremendously. Obviously, we don't have additional staff during this period, and the result is slower reimbursements.

Does travel actually increase that much in November, causing huge increases in December requests? We don't think so.

We have found that many individuals appear to be saving their reimbursement requests until the end of the year and submitting them in late November or early December.

Until now, all travel reimbursement requests have been handled on a "first come, first served" basis. This creates a bad situation for the person who travels in early December, expends \$500 of their own money, anticipating a reimbursement before Christmas, and then they are put at the bottom of the pile and don't see their funds until sometime in January.

We feel it is perfectly reasonable to expect someone to be able to complete and submit a reimbursement request within 15 days after returning from their travel. We understand there may be some unique situations where this is not possible and we will make appropriate accommodations. However, effective immediately, reimbursement requests that are submitted in excess of 15 days after returning from travel, will be placed at the bottom of the processing pile and will be processed only after all other, timely submitted requests.

What does this mean? Don't hold your reimbursement requests unless you can truly feel comfortable waiting for the money.

Coding Equipment Procurement Card Purchases

The Modified Equipment Account Code List that became available Nov. 1, 2010, changes some equipment items to a commodity account code. Items that have been inventoried in the past (computers — \$250+, cameras — \$250+, lawn equipment — any cost, furniture — \$1,000+, etc.) that are per item under \$5,000 still should be purchased with the Equipment Procurement Card. You should still reference the Equipment Exception List found on Receiving & Property Controls website as to what should be inventoried and at what price.

We are not changing the method of payment from before, only changing the account code for those items. The 4067** account codes still inventory those items, it just now classifies them as non-capitalizable equipment.

- 406710 – Furniture/Office Equipment (<5,000)
- 406720 – Vehicles (<5,000)
- 406730 – Ag/Outdoor Equipment (<5,000)
- 406740 – Medical Equipment (<5,000)
- 406750 – Computer Equipment (<5,000)
- 406760 – Media Equipment (<5,000)
- 406770 – Scientific Equipment (<5,000)
- 406780 – Consumable Equipment (<5,000)
- 406790 – Other Equipment (<5,000)
- 408210 – Furniture/Office Equipment(>=5,000)
- 408220 – Vehicles (>=5,000)
- 408230 – Ag Outdoor Equipment (>=5,000)
- 408240 – Medical Equipment (>=5,000)
- 408250 – Computer Equipment (>=5,000)
- 408260 – Media Equipment (>=5,000)
- 408270 – Scientific Equipment (>=5,000)
- 408290 – Other Equipment (>=5,000)
- 408298 – Equipment Titled to the Sponsor

Sales Tax? We Don't Pay It — Use the P-card

We just approved a Direct Pay Voucher for \$23.45 — that included sales tax. How much did we spend on that transaction that we didn't need to? Time, process, paper, tax — someone had to key in a Direct Pay Voucher, someone had to approve it, a printer was used to print it off, it was sent via campus mail to our office, someone had to receive and review, we signed it, it will be paid, reimbursing the individual (including the sales tax that we don't need to pay).

We see this every day: People going to restaurants. People going to Wal-Mart. The list goes on. Remember: Use the procurement card.

1099 Reporting

Based on a recent change in IRS reporting requirements, the procurement card may now be used for services with all vendors. In the past, services were only allowed with incorporated vendors. The p-card may now be used for services with individuals, sole proprietorships, LLCs, partnerships, as well as corporations.

This ruling should allow you to strongly consider use of the Procurement Card for all smaller dollar (under \$5,000), services.



More Training Needed and Other Issues

There were multiple comments about not having enough training or people not being aware of policy changes. We will plan to schedule some training sessions in the spring, but we need your help. Please send the list of things you want to know to dbuffum@procurement.msstate.edu. We can offer the same program we did last year, but I am not sure that is what you are looking for. We want to provide you with the answers you need. Would PIs and other end users be interested in a session to discuss the process and regulations/laws/etc?



There were some comments for which we could not determine the root of the problem. Examples would include things like “individuals don’t have authority to make decisions” or “get different answers depending upon whom you ask.” These are issues that really concern us, but we can’t do anything to correct them without more detail. Again, please send specific details to dbuffum@procurement.msstate.edu.

Thank You

I want to thank everyone who responded to the survey, and assure you that we are looking at every comment and suggestion. In some cases, we are doing business differently than in the past. Some may not like the new methods. I welcome dialogue as I truly believe it is our responsibility to add value whenever possible.

Don Buffum, CPPO
Director
Procurement & Contracts